The NLRB vs. Religious Freedom

By Patrick J. Reilly

Summary: The National Labor Relations Board (NLRB) has been in the news recently for siding with Washington machinists’ union members who are angry with Boeing for locating some of its airline production in South Carolina. Less well known - though no less important - is the Board’s push to help unions replace the millions of members they’ve lost in recent decades at the expense of religious freedom. Example: In violation of the First Amendment’s free exercise clause, the NLRB has repeatedly ignored or distorted rulings by the U.S. Supreme Court and a federal appeals court against interfering with religious education. Twice this year, the Board has judged that two Catholic colleges are not sufficiently religious and therefore must submit to its broad authority over labor relations.

F or more than four decades, the NLRB has maneuvered to work around court prohibitions limiting the Board’s jurisdiction over religious colleges. But by putting itself at odds with the First Amendment, the Board has tried to establish itself as the arbiter for determining when a college is “substantially religious” and when it is not. If the NLRB backs down in two cases involving Catholic colleges, the principle of religious freedom will win a significant victory. If it doesn’t, the only recourse may be action by Congress or another appeal to the U.S. Supreme Court. In 1935 the National Labor Relations Board (NLRB) was established by law to compel employers to deal with labor unions. However, for the following three decades the board was always careful to exempt religious institutions from its oversight. The board did not act out of deference to the First Amendment’s protection of religion. Instead, it believed that a religious employer’s nonprofit status meant that it was not engaged in substantial commercial activity, which was one of the criteria set by Congress for federal intervention in labor disputes. The NLRB therefore refrained from asserting jurisdiction over hiring and
employment practices at nonprofit schools and colleges.

But in a 1970 Cornell University case, the NLRB decided that colleges and universities had an increasing impact on the economy and that this constituted substantial commercial activity. For much of the 1970s, the NLRB would assert jurisdiction over religious colleges in disputes involving faculty unions. These colleges included Yeshiva University, a Jewish institution, and many Catholic institutions including The Catholic University of America, D’Youville College, Fordham University, Loretto Heights College, Manhattan College, Niagara University, Rosary Hill College, Saint Francis College, Seton Hill College and the University of Detroit.

At first the NLRB did not consider the issue of religious identity when it ruled on a school’s employment policies, but the question was taken up in a 1975 case involving Baltimore’s Catholic parochial schools. In that case the NLRB ruled that it had no jurisdiction over schools teaching only religious subjects such as seminars that train students for religious ministry. But if a school also taught “secular” subjects, then the NLRB said the school fell under its jurisdiction, and this included parochial schools owned and operated by Catholic parishes. The NLRB determined that:

“Regulation of labor relations does not violate the First Amendment when it involves a minimal intrusion on religious conduct and is necessary to obtain [the National Labor Relations Act’s] objective.”

In other words, the NLRB devised what came to be called a “completely religious” test to decide when it had no jurisdiction over an employer. But the NLRB gave itself broad discretion to determine whether it had the right of “intrusion” into a religious employer’s decision-making when it deemed its intrusion “minimal” and “necessary.”

The problem with this is that the NLRB gave itself the authority to decide how relevant a school’s religious doctrines and authority are to its teaching and its hiring and employment policies. The NLRB proposed to judge whether a religious school’s character is or isn’t “completely religious” and on that basis to decide whether it has jurisdiction over the school’s employment policies—e.g., whether to restrict medical benefits or require teachers to lead prayer in the classroom.

The NLRB’s “completely religious” test was first tested in a case that came before the U.S. Supreme Court in 1979. It involved teachers seeking to organize unions at Catholic parochial schools in Chicago and Fort Wayne, Indiana. Writing for the majority in NLRB v. The Catholic Bishop of Chicago, et al., Chief Justice Warren Burger rejected the NLRB’s “completely religious” test and its attempt to force unions at Catholic schools. The Court found that the Board was violating both the free exercise clause and the establishment clause of the First Amendment:

“We find the [“completely religious”] standard itself to be a simplistic black or white purported rule containing no borderline demarcation of where ‘completely religious’ takes over or, on the other hand, ceases. In our opinion the dichotomous ‘completely religious—merely religiously associated’ standard provides no workable guide to the exercise of discretion. The determination that an institution is so completely a religious entity as to exclude any viable secular components obviously implicates very sensitive questions of faith and tradition.”

The Supreme Court feared the NLRB would entangle government in religion, noting “that the Board’s actions will go beyond resolving factual issues” when it attempts to resolve “unfair labor practices filed against religious schools”:

“The resolution of such charges by the Board, in many instances, will necessarily involve inquiry into the good faith of the position asserted by the clergy administrators and its relationship to the school’s mission. It is not only the conclusions that may be reached by the Board which may impinge on rights guaranteed by the Religion Clauses, but also the very process of inquiry leading to findings and conclusions.

The Board’s exercise of jurisdiction will have at least one other impact on church-operated schools. The Board will be called upon to decide what are “terms and conditions of employment,” and therefore mandatory subjects of bargaining.”
The Supreme Court questioned whether the National Labor Relations Act could possibly permit NLRB jurisdiction over teachers at religious schools without forcing the Court to rule on the law’s constitutionality. Citing the Court’s longstanding doctrine of avoiding constitutional conflicts when possible—“an Act of Congress ought not be construed to violate the Constitution if any other possible construction remains available”—the Court determined that NLRB oversight over teachers at religious schools was not intended by Congress and therefore should not be regarded as a legitimate application of the law.

NLRB Side-Steps the U.S. Supreme Court

The Supreme Court’s Catholic Bishop decision should have protected religious schools and colleges from intrusive oversight by the NLRB. The ruling is the basis used by the agency to evaluate requests from religious schools and colleges for exemption from the National Labor Relations Act. Too often, however, the Board finds ways to distort the ruling to suit a pro-union bias.

In 1979, the NLRB asserted jurisdiction over a Catholic and a Presbyterian college—the College of Notre Dame in Belmont, California, and Barber-Scotia College in Concord, North Carolina. These were the first cases before the NLRB in which religious colleges refused to consent to the Board’s oversight citing Catholic Bishop. They rejected the NLRB’s contention that it was properly applying the Supreme Court’s decision.

The NLRB argued that the Supreme Court had intended Catholic Bishop to apply only to lay teachers in “church-operated” elementary and secondary schools. But this had three implications. First, it meant that the ruling limiting NLRB jurisdiction in employment issues applied only to elementary and secondary schools, not colleges or other institutions; second, it applied only to schools deemed to be “church-operated,” as...
distinct from institutions that are obviously religious but legally independent from an established church; and third, it applied only to bargaining units of teachers, not non-teaching employees.

In support of this narrow interpretation of Catholic Bishop, the NLRB argued that a college education—even at a religious college or university—does not typically involve “substantial religious activity and purpose,” and this makes it unlike the Catholic parochial schools that were parties in the Catholic Bishop case. The NLRB reasoned therefore that the government was not likely to become entangled in religious matters if a college were subjected to NLRB oversight. The Board cited the Supreme Court ruling in Tilton v. Richardson, a Supreme Court ruling concerning federal funds for college facilities—a matter quite different from NLRB authority over a college’s employment practices:

“There are generally significant differences between the religious aspects of church-related institutions of higher learning and parochial elementary and secondary schools. ...Since religious indoctrination is not a substantial purpose or activity of these church-related colleges and universities, there is less likelihood than in primary and secondary schools that religion will permeate the area of secular education.”

Regarding the extent of church control, the NLRB acknowledged that the College of Notre Dame had clear ties to the Catholic Church. The college was established in 1851 by the Order of Sisters of Notre Dame de Namur. At the time of the NLRB’s review, nine of the college’s 15 trustees were Sisters of Notre Dame, one-third of the faculty was affiliated with religious orders, and the college required that the president, an ex officio member of the board of trustees, belong to the founding Order. However, the NLRB said this did not constitute church control because the board of trustees was legally independent of the Order, and no college property was owned or contributed by the Sisters:

“Because an independent board of trustees, not the diocese or the Order, controls the institution, and because there is no administrative or financial connection at all between the diocese or the Order and the school, the College of Notre Dame is not church-operated within the meaning of Catholic Bishop.”

The NLRB took a similar position regarding Barber-Scotia College. It agreed that the college had a Presbyterian identity that was clearly defined in its charter, constitution and bylaws. But because the United Presbyterian Church was not directly involved “in the internal affairs of the college” and had not provided operating funds within the past two years, the Board determined that the college was not “church-controlled.”

Having rejected both colleges’ standing for exemption from the National Labor Relations Act under Catholic Bishop, the NLRB nevertheless asked an additional question. It considered whether the colleges were sufficiently religious to pose a risk of government entanglement with religion if the NLRB interfered with how the colleges dealt with their teachers.

The Board said it had conducted a thorough investigation of each college’s governance, hiring and employment policies, student body and admissions criteria, curriculum, donations and other factors—and concluded that both schools were largely secular in practice, if not in mission.

The NLRB’s pronouncement that it would decide the extent of an institution’s religious identity came to be known in subsequent cases as the Board’s “substantial religious character” test. But this is precisely what the Supreme Court rejected in its Catholic Bishop decision when it denied the constitutionality of any attempt by government to conduct an “inquiry into the good faith of the position asserted by the clergy administrators and its relationship to the school’s mission.” Unfortunately, the “substantial religious character” test remains today at the center of religious liberty disputes with the Board—despite a federal appeals court’s demands that the NLRB leave religious colleges alone.

NLRB Ignores the D.C. Circuit Court

NLRB attempts to narrow the scope of the Catholic Bishop decision quickly fell apart under federal court scrutiny. However, religious colleges continue to be subject to the Board’s recalcitrant policymaking.

In 1984 the NLRB rejected an appeal from the Universidad Central de Bayamon and claimed jurisdiction over the Puerto Rican Catholic university. It ruled that the university must recognize a union of full-time professors.

Despite the religious character of the school’s history and governance, the NLRB continued to make its own distinctions between schools and colleges that are “substantially religious” and those that are not. In
this case, the university operated a Catholic school on the university’s campus under the supervision of university officials, and it operated a program to prepare seminarians for the priesthood.

As in the case concerning the College of Notre Dame and subsequent cases, the NLRB took it upon itself to evaluate the Catholic identity of the Universidad Central de Bayamón. It found that the school’s education was “entirely secular.” As in other cases, the Board’s judgment was not unreasonable: the Puerto Rican school was a historically Catholic university that now defined its purpose as providing “a humanistic education at an academic level,” students were not required to attend Mass or study the Catholic religion, and professors did not have to be Catholic or “support the mission of the Church.”

The university refused to accept the NLRB’s jurisdiction, arguing that the Board’s intrusion into its religious affairs was unconstitutional. The NLRB petitioned the U.S. Court of Appeals for the District of Columbia Circuit to enforce its directive. In 1986 the Court divided evenly on whether the NLRB had correctly applied the Catholic Bishop Supreme Court ruling. An evenly divided court could not enforce the NLRB’s jurisdiction over the University, and so the matter was left unresolved.

However, representing three of the circuit court judges, Judge Stephen Breyer, a future Supreme Court Justice, wrote an opinion that would prove influential in future court cases. Breyer argued that the very act of inquiring whether an employer is sufficiently religious was contrary to the First Amendment as understood in Catholic Bishop. Breyer and his two colleagues were satisfied that an institution is “church-controlled” within the meaning of Catholic Bishop, as long as it publicly identifies itself as religious.

Breyer rejected the NLRB position that Catholic Bishop does not apply to colleges and universities. He noted that the Supreme Court ruling did not clearly distinguish religious colleges from religious schools, and neither did the National Labor Relations Act. Moreover, he challenged the NLRB’s argument that the risk of “state/religion entanglement” was greater in elementary and secondary schools than in higher education.

Five months later, the NLRB reversed itself. Perhaps hinting at its contempt for the D.C. Circuit Court’s opinion—a disregard that would become more apparent in the future—the Board made no mention of Judge Breyer’s opinion even though it is the most likely explanation for the Board’s sudden change of mind:

“After careful consideration, we are now of the opinion that the Supreme Court’s holding in Catholic Bishop is not limited to parochial elementary and secondary schools, but rather applies to all schools regardless of the level of education provided. There is no language in Catholic Bishop limiting the Court’s holding to parochial elementary and secondary schools...we find that we can more properly accommodate first amendment concerns by considering the application of Catholic Bishop to all educational institutions on a case-by-case basis.”

For a time it seemed that the Board’s reversal would reduce further government interference in religious education. For instance, the NLRB determined that St. Joseph’s College in Standish, Maine, was in fact “church-operated within the meaning of” Catholic Bishop and therefore need not abide by the National Labor Relations Act. But the origins and governance of the College were unique: its founding religious order, the Sisters of Mercy, maintained legal control over the institution and held all the trustee positions. Thus, it met the NLRB’s narrow standard for “church control.” While exempting the College from oversight, the NLRB continued to apply the test of “substantial religious character” in deciding how to apply the Supreme Court’s Catholic Bishop decision, which meant that it would continue to force most religious colleges to recognize its jurisdiction.

In 2002 the NLRB again came before the D.C. Circuit when it tried to impose its jurisdiction over the University of Great Falls in Great Falls, Montana, another Catholic institution. Here the Court was decisive, finding that the NLRB should never have investigated the University’s policies and activities in an attempt to judge its religious character. “The Board reached the wrong conclusion because it applied the wrong test,” the Court reasoned. It noted that while the federal courts usually defer to agencies’ interpretations of “ambiguous statutory language,” the courts place a higher priority on “constitutional avoidance”—meaning they will try to avoid constitutional questions when it is reasonable to do so.

According to the D.C. Circuit Court, the NLRB improperly interpreted Catholic Bishop as an invitation to exercise its judgment over whether an employer is religious according to certain standards. The NLRB “has engaged in the sort of intrusive inquiry
that Catholic Bishop sought to avoid,” the Court scolded, citing another Supreme Court ruling (Mitchell v. Helms) “that courts should refrain from trolling through a person’s or institution’s religious beliefs.”

Drawing from Judge Breyer’s 1986 opinion, the Court prescribed a three-part test to exempt institutions from the National Labor Relations Act. It would replace the NLRB’s “substantial religious character” test:

1. The institution “holds itself out to students, faculty and community” as providing a religious educational environment.”

2. The institution “is organized as a ‘non-profit’.”

3. The institution “is affiliated with, or owned, operated, or controlled, directly or indirectly, by a recognized religious organization, or with an entity, membership of which is determined, at least in part, with reference to religion.”

The Court said it was confident that its test “avoids the constitutional infirmities” of the NLRB investigations of religious character:

“Our approach... does not intrude upon the free exercise of religion nor subject the institution to questioning about its motives or beliefs. It does not ask about the centrality of beliefs or how important the religious mission is to the institution. Nor should it.”

The Court was not concerned that exempting institutions simply because they claim a religious identity would invite fraudulent claims by secular institutions. It cited the Supreme Court ruling Boy Scouts of America v. Dale, in which the Court found that if an institution publicly holds itself out to be religious, the Court “cannot doubt that [it] sincerely holds this view.”

“While public religious identification will no doubt attract some students and faculty to the institution, it will dissuade others. In other words, it comes at a cost. Such market responses will act as a check on institutions falsely identify [sic] themselves as religious merely to obtain exemption from the NLRA. Thus, the requirement of public identification helps to ensure that only bona fide religious institutions are exempted.”

Despite the federal court’s clear repudiation of the “substantial religious character” test, the NLRB still persisted with intrusive investigations of colleges’ religious character, which forced the same D.C. Circuit to again chastise the NLRB in 2008. In this instance, the Board refused to exempt a Presbyterian college, Carroll College of Waukesha, Wisconsin, from its jurisdiction. The Court found otherwise:

“After our decision in Great Falls, Carroll is patently beyond the NLRB’s jurisdiction. Great Falls created a bright-line test of the Board’s jurisdiction according to which we ask three questions easily answered with objective criteria. From Carroll’s public representations, it is readily apparent that the college holds itself out to all as providing a religious educational environment. That it is a nonprofit affiliated with a Presbyterian synod is beyond dispute. From the Board’s own review of Carroll’s publicly available documents, see Carroll Coll., 345 N.L.R.B. at 254–55, it should have known immediately that the college was entitled to a Catholic Bishop exemption from the NLRA’s collective bargaining requirements.”

Final Resolution or Another Search for Loopholes?

Labor disputes typically begin at a regional level, and only appeals of decisions reached by regional directors are heard by the National Labor Relations Board. So for every NLRB ruling affecting religious colleges, there are perhaps dozens of decisions making their way through deliberations at the regional level, and they may receive preliminary guidance from the Board’s powerful general counsel.

NLRB employees are bound by Board precedent, but the national Board has never formally embraced the D.C. Circuit’s Great Falls test. Consequently, religious colleges and universities continue to encounter difficulty whenever they deal with NLRB staff. A religious college may feel confident that an eventual appeal to the D.C. Circuit will almost certainly resolve the matter in its favor, but dealing with the NLRB remains an arduous and potentially expensive process that can prolong a dispute with employees for several months or years.

For instance, last year the NLRB general counsel told Marquette University in Milwaukee, Wisconsin, that it was ineligible for exemption according to the D.C. Circuit’s three-part test because the NLRB had not yet accepted the Court’s guidance. Clearly content with the status quo, the counsel went on to contrast the Board’s “thorough” religious character assessment with the Court’s “superficial” test.

This year regional directors in New York and Chicago have rejected exemption requests from Manhattan College and St. Xavier University, arguing that both Catholic
institutions lack a “substantial religious character.” The cases have attracted the media’s attention, in part because both colleges, emboldened by the D.C. Circuit’s rulings, have gone public with complaints about their treatment. Another reason is that reporters seem to have decided that the NLRB’s treatment of the Catholic colleges is new and shocking, an impression based on the media’s past failure to pay attention to the NLRB’s unconstitutional practices spanning several decades.

The Manhattan College case is particularly interesting. It’s a NLRB attempt to create a new loophole allowing the Board to make the same argument for intruding into matters of religious identity. An acting New York NLRB regional director, Elbert Tellem, anticipating that the D.C. Circuit may force the Board to use its three-part test, argues that the Board can continue to deny Manhattan College an exemption from its jurisdiction by requiring it to prove that it “holds itself out to students, faculty and community as providing a religious educational environment,” which is one part of the Court’s test.

Whereas the Court seemed to be interested merely in a college’s religious identification, the NLRB director argues that the Board must carefully weigh how Manhattan College “holds itself out” and whether the promised environment is substantially religious. The result: the D.C. Circuit Court’s general appeal to a school’s “religious educational environment” becomes the equivalent of the NLRB’s “substantial religious character” test, which requires an investigation of the sort that the D.C. Circuit Court previously voided.

In reviewing Manhattan College’s promotional materials, the New York director decided that there is a difference between the school’s promise to provide a “Lasallian” environment (a reference to the distinctly Catholic philosophy of St. John Baptist de La Salle) and a “Catholic” environment. The director relies on his own ideas about religious standards and terminology—which the College strongly disputes—in making distinctions that should never fall under the purview of a federal agency bureaucrat.

**An Uncertain Future**

How the NLRB rules in the appeals of Manhattan College and St. Xavier University could have large implications for both religious higher education and the prospects of faculty union organizing. Given the NLRB’s usual bias in favor of unions, it will be surprising if the Board provides much relief to the colleges.

The NLRB’s regional staff seems to have decided that it can either continue to ignore the D.C. Circuit, or it can follow the lead of the Board’s New York director and accept the Court’s three-part test, but distort it to continue to violate religious liberty. That leaves religious colleges in the difficult position of either accepting faculty unions despite potential conflicts with religious policies they may engender or oppose, or continue years-long disputes with the NLRB that are never resolved despite appeals and reversals by federal courts.

Will it take another Supreme Court ruling to quash a federal agency intent on expanding union membership, even at the expense of religious liberty?

It seems that another Supreme Court ruling or legislative action by Congress are the only means of defending the Constitution should the NLRB again ignore the D.C. Circuit and choose union expansion over basic American freedoms.


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In June, the unemployment rate climbed to a six-month high of 9.2 percent, with the U.S. economy adding only 18,000 jobs, far fewer than the 90,000 many analysts expected. As if that wasn’t bad enough, the government revised downward the jobs numbers from April and May, showing 44,000 fewer jobs created than initially reported. The saddest statistic of all: 14.1 million Americans remain unemployed – and that’s not counting those who have given up and left the labor market altogether.

How’s the Barack Obama economy working out for those young people who placed so much “hope” in his “change” in 2008? Not very well, it turns out. From the National Journal: “Two years after the Great Recession officially ended, job prospects for young Americans remain historically grim. More than 17 percent of 16-to-24-year-olds who are looking for work can’t find a job, a rate that is close to a 30-year high. The employment-to-population ratio for that demographic—the percentage of young people who are working—has plunged to 45 percent. That’s the lowest level since the Labor Department began tracking the data in 1948.” If you think these dismal stats would damper youth enthusiasm for Obama, think again: A June Gallup survey found that “56 percent of Americans ages 18 to 29 approved of Obama’s performance, the highest approval rating of any age bracket.” Ah, the folly of youth.

In August 2009, Kenneth Gladney was allegedly beaten by Service Employees International Union (SEIU) members as he tried to dispense conservative paraphernalia at a health-care town hall in St. Louis. Now, two years later, Gladney will get his day in court. CBS St. Louis reports: “SEIU members Elston McCowan and Perry Molens are charged with misdemeanor assault. Both men pleaded not guilty and requested a jury trial.”

Ron Bloom, the Obama administration official who oversaw the bailouts of General Motors and Chrysler, has been widely quoted in the press as saying that he “did this all for the unions.” However, in a June 22 appearance before the House Committee on Government Oversight and Reform, Bloom, Assistant to the President for Manufacturing Policy, denied ever saying that. As Byron York reports for the Washington Examiner, “Other White House officials have reportedly defended Bloom by suggesting that he did indeed say those words but was joking.” Committee chairman Rep. Darrell Issa has sent a letter to Bloom warning: “Despite your five denials, two independent sources documented you saying these words...It appears that either a respected reporter and your former boss in the Obama administration have both given inaccurate accounts of your comments to the public, or your testimony was not completely truthful. Therefore, if you would like to amend or clarify your testimony for the record, we encourage you to do so as soon as possible.” Did Bloom accidentally tell the truth, even in jest? Issa is on the case.

On June 22, the National Labor Relations Board (NLRB) proposed reforms to union election representation case procedures. The reforms are intended to “reduce unnecessary litigation, and streamline pre- and post-election procedures.” Never mind the fact the proposed outline of the added reforms contains 24 different sections and close to 450 pages – oh, and employers will now only have 7 days to understand this outline, communicate with employees, and prepare for the forthcoming hearing. The absurdity of the NLRB’s proposal was highlighted in a House of Representatives committee hearing where it was made clear that the amendments would severely constrict the time frame of the union elections and infringe on the privacy of all employees. Larry Getts, a former United Auto Workers (UAW) member, testified at the hearing that the unions will be given even more opportunities to “…tell us what’s good for us and shove it down our throats.”