Capital Research Center

Labor Watch

The NLRB Targets the American Dream

Unions seek to erase the distinction between mom-and-pop businesses and giant corporations

By David Agnew

Summary: *The National Labor Relations Board is poised to scrap the long-held legal definition of a joint employer, which has allowed business sectors—including the franchise industry—not only to thrive in recent decades but also to bounce back more quickly from the Great Recession than other segments of the economy. Given the employee turnover in many franchises, unions see aggressive action by the NLRB as a chance to expand membership rolls and generate revenues from dues that will support unions' activist political agendas. But an array of business groups warn that changing the meaning of joint employer could bankrupt many small businesses and imperil the creation of the very jobs that represent an entry point for millions of the country's workers.*

For millions of Americans, franchise businesses are a path to success. Why is the National Labor Relations Board putting a roadblock in front of small-business entrepreneurs?

If you've taken your car to Jiffy Lube, stayed at a Choice Hotel, or ordered a pizza from Papa John's, you've most likely patronized a business built on the franchise model. From KFC, Wendy's, Arby's, and Dairy Queen, to Planet Fitness, Ace Hardware, Supercuts, RE/MAX, and H&R Block, franchises are at the heart of small business in America.

Despite the strong national brand identification associated with these names, they are actually part of the small business mosaic of America. Franchisees are independent business people, running their own shops under the marquee of a brand customers that know and trust, often actually located on Main Streets across the country.

Franchises give small businesses, many of them family businesses—literally "mom-and-pop operations"—the opportunity to take advantage of national brand-name recognition and advertising, supply networks, business expertise, and other advantages that would otherwise be available only to the big guys. Many franchise operators are the first in their families to run businesses, and many are immigrants or members of "minority" groups.

There's a world of difference between a local franchise business and a multinational corporation. The point seems so obvious it should hardly need to be made.

Yet a series of developments in federal labor law is lumping these two classes of businesses together in a way that could imperil some of the 8.9 million jobs the franchise industry provides in this country.

In addition, the new rules could lump subcontractors in with the companies that hire them to perform such services as waste disposal and recycling, office cleaning, clothes cleaning, security, parking services, and photocopying.

What's a "joint employer"?

The definition of "joint employer" is at the heart of separate-but-related rulings that have been issued, or are expected to be issued, regarding union-backed actions against the world's largest restaurant chain (McDonald's USA) and a Houston-based waste disposal company (Browning-Ferris). In the McDonald's case, a majority of the five-member National Labor Relations Board is poised to comingle independently owned franchises with their corporate brands, linking them together as joint employers. In the Browning-Ferris case, the NLRB would apply that idea to subcontractors, linking them to the businesses that hire them.

Franchise owners say the NLRB's action ignores the fact that the corporate brands have almost no influence or oversight on the locally owned franchise businesses' day-to-day operations. They contend that initiatives by the NLRB and its General Counsel fly in the face of decades of laws, regulations, and court rulings on the definition of joint employer.

If those novel actions are upheld, it would be a great victory for unions, because it would make it easier for them to recruit millions of new members, to rake in badly needed fees and dues revenue to support their political agendas, and to facilitate organizing activities nationwide. Additionally, if the meaning of joint employer is changed, local franchise businesses could be treated as guilty-by-association, as unions disrupt local businesses across the country in retribution for actions at a single, unrelated, independently operated franchise. This would also slow the growth of the franchise sector, possibly shutter existing locally owned franchisees, and eliminate many jobs.

Common law (the basic law we inherit from centuries of custom and precedent), statutory law, and regulations and legal rulings over the last-half century have clearly established who is an employer and when a so-called joint employer relationship exists. With regard to franchised businesses, the locally owned franchise business, *not* the corporate franchise brand, is deemed the employer.

In 1968, the NLRB issued a decision in a case involving the Southland Corporation, the parent company for 7-Eleven. In that case, the NLRB carefully considered whether the franchisee's use of the trade name or operational system made the franchisor (the big national or international company) the joint employer. It held that a franchisor could be considered a joint employer only if it controlled labor relations and employment decisions by the franchisee. Because such decisions belong to the franchisee in the franchise model, franchisors were ruled to not be joint employers.

Over the past three decades, a number of subsequent cases related specifically to the franchise model have upheld this understanding.

The current standard was articulated in two cases from 1984, *TLI, Inc.* and *Laerco Transportation*. In a recent analysis on the website of *Inside Counsel* magazine, labor lawyer Marilyn A. Pearson explained that, in those two cases, the NLRB held that legally separate entities are joint employers only when they actually share the ability to control or co-determine the essential terms and conditions of employment (such as hiring, firing, discipline, supervision, and direction of employees). In order to qualify as a joint employer, the brand company's control over these employment matters must be direct and immediate.

Most recently, the California Supreme Court declined to hold Domino's Pizza LLC, the national company, liable in a sexual harassment case involving the employees of a Domino's franchisee. The court ruled:

> A franchisor, which can have thousands of stores located far apart, imposes comprehensive and meticulous standards for marketing its trademarked brand and operating its franchises in a uniform way. To this extent, the franchisor controls the enterprise. However, the franchisee retains autonomy as a manager and employer. It is the franchisee who implements the operational standards on a day-to-day basis, hires and fires store employees, and regulates workplace behavior. Analysis of the franchise relationship for vicarious liability purposes must accommodate these contemporary realities.

These cases illustrate why the franchise industry, the National Restaurant Association, the National Retail Federation, the U.S. Chamber of Commerce, and a whole host of other employer groups are alarmed and dismayed by the NLRB's recent steps to jettison the old definition.

Changing the definition

On December 19, the NLRB's Office of the General Counsel, headed by Richard Griffin (former general counsel of the International Union of Operating Engineers), filed complaints that accused McDonald's USA and some of its franchisees of labor violations. These formal charges had been expected since July 29, when Griffin announced his intent to name McDonald's USA as a joint employer with the individual franchisees. The claims allege McDonald's workers at locations across the country were fired or intimidated for participating in union organizing or in a well-funded national protest movement led by the Service Employees International Union (SEIU).

As noted by the International Franchise Association (IFA), a major trade group representing over 1,300 franchise companies and more than 780,000 locally owned establishments from various industry sectors, changing the "joint employer" definition could do great harm. The change could saddle tens of thousands, even hundreds of thousands of small businesses with uncertainty, threats of litigation, and additional costs that could make it harder for these businesses to succeed, and harder for many of the country's most economically vulnerable people to enter and stay in the job market.

Referring to the December complaints, Robert Cresanti of the IFA said, "This is the nightmare before Christmas for local franchise businesses. The [NLRB] has effectively legislated a change to the definition of who an employer is, which will impact hundreds of thousands of businesses."

Michael J. Lotito, co-chair of the Workplace Policy Institute created by the law firm Littler Mendelson, told reporters: "What the [NLRB's] general counsel seems to be suggesting is that when a franchisor provides a tool, when the franchisor provides a resource that might help the franchisee better undertake their business and become more successful as a small business owner, that that somehow equates to joint employment." In fact, "[t]he NLRB's decision in 1968 made very clear that the issue is not whether or not you provide tools or support

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but the issue is whether or not the individual franchisor is making the decisions for their franchisees. So the general counsel is trying to upend decades of settled law that have been the foundation of the franchisor-franchisee relationship and finding suddenly that now, there's a joint employment where none existed."

Nowhere in the 13 complaints, which collectively span over 150 pages, does the NLRB's Richard Griffin elaborate on what is meant by "degree of control," according to Lotito. The 78 separate charges in these complaints involve allegations of discriminatory discipline, reductions in hours, discharges, and other "coercive conduct" directed at employees in response to union organizing activity. These allegations are location-specific but Griffin, by declaring the corporate brand—McDonald's—a joint employer, appears to have asserted that McDonald's had a say in the alleged illegal or unfair practices at these sites. Yet, according to Lotito, Griffin failed to provide to the public any of the rationale that led to his decision.

Subcontractors, too

To make matters worse for employers, the NLRB is poised to rule in a similar manner in the Browning-Ferris case. In that dispute, a union is seeking to engage in wage-and-benefit negotiations with subcontracted employees at a recycling facility in Milpitas, California. The board invited *amicus curiae* (friend of the court) briefs, which allow people and organizations who are not direct parties to a case to provide their analysis of the issues. General Counsel Griffin filed such a brief and urged the NLRB to abandon its current analysis of joint employment to be replaced with a more expansive "economic realities" approach.

Browning-Ferris, paired with the McDonald's case, would have a significant and likely very harmful effect for the franchise business model. It could also throw into chaos many other types of business arrangements. Should the NLRB formally adopt a more sweeping definition of joint employer, it could affect every business that subcontracts or outsources any function, which nearly all businesses do. "Browning-Ferris is incredibly pernicious," said IFA's Cresanti.

Griffin's *amicus* brief in that case deals with whether a supplier could be considered a joint employer based solely on the volume of business a particular company does with those suppliers. This would have implications for practically any job that involves any form of subcontracting and vending arrangement. David French of the National Retail Federation noted that a retailer often operates a retail store within another retail store—a cosmetic counter inside a department store, for example. A decision in the Browning-Ferris case to throw out the long-held definition of joint employer could raise questions about whether the department store has a joint employer relationship with the actual owner of the make-up counter.

If, as expected, the NLRB formally adopts the new, more sweeping definition in *Browning-Ferris*, it would establish a new legal definition that would be applied by administrative law judges who hear related cases, such as the McDonald's complaints.

Going after the little guy

It may be tempting for media outlets and commentators to frame this as a struggle between exploited workers and greedy corporations. After all, why should McDonald's and other companies that make wide use of franchises and contract employers enjoy insulation from liability? But the real victim would be the franchisee—the little guy—not the big corporation.

In the franchise model, the national or regional corporate franchisor provides the hotelier, restaurateur, or other business operator with a brand, a logo, a product, or service standards, marketing, and tools such as a hotel reservation system. In exchange, the franchisor is paid a royalty, and the franchisee has the power to run the business the way he or she likes. The corporation does not micromanage the franchisee's decisions about who will be the shift supervisor, who needs to cover for a sick employee, or when the floors get mopped.

"I have always been an entrepreneur at heart, but didn't realize I could own a franchise with a growing brand that allowed me to capitalize on my passion for keeping things clean and organized until I found OpenWorks," said Amina Redd, a franchisee who provides commercial cleaning and facilities services in the Phoenix area. "After more than 15 years as a franchisee, I am convinced that my passion for what I do and treating each customer and employee with the respect and personal attention they deserve has been the key catalyst for my success."

Franchises make up a large and vibrant part of the U.S. economy, with nearly 800,000 franchise locations directly employing 8.9 million people across the country, according to the International Franchise Association. The franchise sector is playing an outsized role in an economic recovery that has been stubbornly slow and tentative. The industry is expected to create nearly a quarter-million new jobs in 2015 alone.

The number of new franchises could increase in the years to come as well. According to Matthew Haller of IFA, it has become common for younger people in middle management positions in large, non-franchise companies to become frustrated by the lack of opportunities to move up the corporate ladder. Rather than wait for years for senior managers to retire, they decide they have the skills and experience in business decision making and staff management to run their own shops. So they grab hold of the opportunity to own a franchise business.

Stephen Duprey is an attorney in Concord, New Hampshire. A little more than 25 years ago, he was investing in and developing real estate and became intrigued by the hospitality industry. It occurred to him that the country was on the cusp of shifting from independently owned and operated hotels to the franchise model. The arrangement held a lot of appeal for would-be entrepreneurs and aspiring small business owners like Duprey, and he became a Choice Hotels franchisee. Today, he also operates two Marriott hotels.

The decision to become a franchisee involves a lot of personal fortitude and risk. Duprey and millions of others like him have put up their own capital, often their life savings, and years of "sweat equity" to get their foot in the door of running their own businesses. The franchise model is an ideal way for a would-be entrepreneur to reduce the risk to some degree while he or she learns how to run an independent business.

As a franchisee, Duprey does not personally pay for, say, an ad that Choice Hotels runs during the Super Bowl. His business gets the benefit of advertising that it would be impossible for him to buy as the owner/operator of an individual small business. At the same time, the entire Choice Hotels organization benefits from the high quality of the accommodations and service he provides his guests. It's a mutually beneficial relationship. "The power of many always beats the power of one when it comes to marketing," he said.

Typically, royalty costs in the franchise industry are three to five percent. Labor accounts for the vast majority of the franchisees' costs and for most of the money spent on day-to-day management. Real estate and marketing account for the rest. These expenses must be paid before the local franchise can see a profit. In the restaurant sector, for example, profit margins are in the four to eight percent range, depending on the local market and other factors—a respectable profit, but achievable only with attentiveness to containing costs. The stewardship of resources is almost entirely in the hands of the franchisee.

It is the owner-franchisee who hires and fires, establishes wages, and sets the schedule. Locally owned franchise businesses often provide an entry into the workforce for many people. In fact, many franchise owners pride themselves on providing guidance to first-time workers on basic life skills such as punctuality, teamwork, and professionalism.

Workers at franchise establishments, like all workers, are protected by numerous, multi-layered laws and regulations governing the health and safety of workers. Franchise agreements explicitly state that franchise owners must follow all of these local, state and federal laws. Franchise owners must abide by minimum wage and overtime laws; provide paid sick leave and breaks; establish training to prevent and remedy harassment; and follow anti-discrimination laws governing age, race, gender, disability, and other classifications. They must also abide by building codes, zoning laws, and other local ordinances. Employees in franchise operations, as in other workplaces, are given ample opportunity to understand their rights, and they are instructed how to make sure their employers honor these rights. As any franchise employee can tell you, the "artwork" in the break room often consists of posters, bulletins, and publications, provided by the government, on how to sue your employer for violating workplace laws and on how to do so without cost or fear of retribution.

SEIU's involvement—no surprise

What is the impetus for the federal government's sudden reversal of policy on the definition of employer? It is part of a broader trend of organized labor flexing its muscles, with the support and encouragement of the Obama administration. You might say the unions have a symbiotic (mutually beneficial) relationship with the Obama administration, analogous to the relationship between franchisors and franchisees. With only two years left in the Obama administration, labor unions need to move quickly to capitalize on that relationship, and on the opportunity to increase their membership rolls and replenish their coffers.

There is a perception in some quarters that the protests against the quick service ("fast food") industry over the past two years have been spontaneous. In this view, the protests came about because workers suddenly got fed up with being exploited, just as the Occupy Wall Street protests were supposedly spontaneous and up-from-the-grassroots. In fact, it's the SEIU—often referred to as "Obama's favorite union"—that has been behind the fast-food protests. The SEIU's strategy has been to organize the protests systematically and methodically, and sometimes covertly. Skeptics point out that the unions themselves, not the workers, have the most to gain by taking on the quick-service restaurant industry.

SEIU membership has slipped by three percent since 2011, even though the labor force has grown by two percent over the same time. As Diana Furchtgott-Roth, former chief economist at the U.S. Department of Labor and now a senior fellow at the Manhattan Institute, noted in last month's *Labor Watch*, the turnover at McDonald's is some 157 percent annually. Most workers leave after three or four months.

When such a workplace is unionized, the union receives initiation fees, generally around $50 to $100 each, for each new worker. Because the typical worker is gone quickly, the union spends very little on services for that worker. In addition to initiation fees, unions collect dues amounting to two percent of paychecks. Furchtgott-Roth estimates that unions stand to gain about $155 million each year from unionizing half of McDonald's workforce, $45 million of that from initiation fees alone.

As SEIU and other unions have lost members, they have begun to organize in new ways. They have set up so-called "worker centers"—sometimes called union-front organizations, or UFOs—to accomplish their goals. [See *Labor Watch* September 2013.] Supposedly, worker centers are nonprofit organizations that offer a variety of services to their members, including education, training, employment services, and legal advice. According to Robert J. Grossman, a lawyer and Marist College professor, the number of worker centers across the country has risen from five in 1992 to at least 215 today.

These organizations have a tax-exempt status known as 501(c)(3), the status accorded to charities, churches, foundations, and other "public interest" institutions. But rather than serve the public, worker centers have a decidedly more narrow, self-interested purpose, namely, to support union organizing, which raises questions about the legality of worker centers' tax status and their receipt of tax-deductible donations. No wonder these front groups have drawn scrutiny from business groups, tax and employment lawyers, and some members of Congress.

Last summer, the *New York Times* reported on what it said was the largest gathering of quick-service ("fast food") workers calling for wage increases and various workplace regulations. The event was largely underwritten by the SEIU, which spent more than $15 million on the campaign.

Marching under the banners of Fast Food Forward, Fight for Fifteen, and other "charities," workers in some 190 cities walked off the job in early December demanding wage increases and other concessions. The organizations were often described as independent, grassroots groups, but in fact the effort was put together by the SEIU. Some of the workers protesting, it was credibly alleged, were not even actual employees but stand-ins paid to represent workers.

Wages & hours

Another aspect of the Labor Department's attack on small businesses, franchises in particular, comes from the department's Wage and Hour Division, under the stewardship of David Weil.

Back when he was a Boston University economics professor, Weil wrote a book called *The Fissured Workplace* that has become the foundation for many of the attacks on the franchise industry and the quick-serve industry. The book is based on data he gathered for a study of the franchise model that focused on the quick-service restaurant and hotel industries. (The study was commissioned by the Labor Department and paid for by taxpayers.) Weil claimed in the book that businesses run by franchisees had more wage-and-hour infractions than those operated directly by corporations, in part because they are subject to additional costs from franchise fees, which they try to make up for by keeping wages as low as possible. This, according to Weil, allows them to enjoy larger profit margins.

Weil was confirmed to his Labor Department position only after then-Senate Majority Leader Harry Reid (D-Nev.) amended Senate rules and made it much more difficult for Republicans to block President Obama's nominations. Not a single Republican voted for him. AFL-CIO President Richard Trumka tweeted that the 51-42 vote for Weil "is an important step toward putting a real cop on the beat to enforce our wage & hour laws."

In a profile published by the *Boston Globe* in June, Weil claimed he is not against franchises and subcontractors, and he acknowledged that many of these small business owners operate ethically and within the law. He said he wants to make sure that good businesses are not undercut by the bad ones. He added, "Parent companies specify a lot of what happens on the ground—down to the details of how a jelly doughnut is made or where a sign is hung, so why can't they be held accountable for how their workers are treated? Can you really have it both ways, and specify things at a fine level in one respect, but in regards to compliance with workplace laws, say, 'Well, they're not our employees?'"

The answer is yes, franchisors can and should have it both ways. Franchisee Stephen Duprey has noted that this is the essence of what makes the franchise model successful. Even though Choice Hotels provides the tools he needs to run his enterprise, he said the decisions about how to recruit, hire, train, retain, and promote people, along with what to pay them, are his alone. "Not in my 26 years have they been involved in any work place decisions," he said. "If that were true, I'd be working for them and not running my own business. I'd be an employee."

The prospect of not being able to control a key expense such as wages is very unsettling to Duprey and other small business owners. He noted that hotel rooms in New York City can average $300-400 a night, in contrast to New Hampshire where rates can average in the $70-a-night range. Dictating corporate standards on wages and other workplace conditions that ignore these market realities would be counter to good business planning and could easily bankrupt him.

Duprey said he believes that it would make little sense to enter into a 10- or 25-year contract with a franchisor, which is typical in the industry, if the franchisee lacked control over the business, or if the franchisee faced unsustainable labor costs and the threat of legal action stemming from illegal or unfair practices of a franchisee in another state.

"My concern is not that I will be charged with any labor violations, but that my franchisor, in response to the NLRB's changing long-standing joint employer standards, will take measures to protect itself that will end up reducing my autonomy as a franchise owner," said Clint Ehlers, a FASTSIGNS franchisee in Pennsylvania. "If franchise owners have less independence and control, they can also expect lower profits. If profits are lower, there will be less demand from entrepreneurs to start franchised businesses. If fewer new locations open, the brand does not realize its growth potential. And that hurts each individual franchise owner in the franchise system."

Bracing for a long battle

In her keynote speech at the union's convention last summer, SEIU President Mary Kay Henry said that the CEO of McDonald's and the CEO of Yum Brands (which owns KFC, Taco Bell and Pizza Hut) are each paid more than $10 million a year, and "A selfish few at the top are using their power to hold down wages, no matter how much that hurts families and communities across the nation."

But it's not the CEOs of big companies who would pay the price if the franchise model is weakened. The result would be fewer jobs for the people who need them, and economic losses in communities around the country.

Who would benefit from hurting the franchise model? Not workers, but unions. It's a lot easier to unionize, and a lot easier to negotiate, if unions are dealing with a single corporate entity, instead of thousands of individual small businesses.

"Labor unions are not bad things. They have done good things for workers over the years," Duprey said. "But in this situation, they are trying to make us all one employer—or to make me an employee—and this is not a good thing."

What's coming

The NLRB announced it has scheduled consolidated hearings on the McDonald's case in three regional locations in the Northeast, Midwest, and West to address violations that, it asserts, require remedial relief as soon as possible. Absent the highly unlikely case of a settlement, the initial litigation will commence on March 30, 2015, and will involve allegations of unlawful actions committed against employees at McDonald's restaurants in the jurisdiction of six Regional Offices of the NLRB. That hearing process could be lengthy and any administrative ruling will be open to appeals to the NLRB and the courts, ultimately even the U.S. Supreme Court. The entire process could take years.

In the meantime, businesses will be left hanging. Business decisions require a certain degree of certainty, and the mere chance that the SEIU and NLRB will win this fight is enough to burden franchise businesses.

Business groups have already begun to explore bipartisan legislative action to address the issue in the short run, possibly with stipulations on spending bills to block implementation of the policy. As the NLRB's allegations make their way through the hearing and judicial process, Matthew Haller of the International Franchise Association assured, "We will fight these decisions by all means available to us. What's at risk, across the country, are small businesses that often represent the life savings and the life's work of their owners."

David Agnew is the pseudonym of a writer/analyst in Washington, D.C.

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LaborNotes

Union membership peaked in 1955 one worker out of every three. In 2014, membership was down to 11.1 percent—one worker in nine—according to the annual report from the Bureau of Labor Statistics. That's the lowest figure since 1936, the year after passage of the **National Labor Relations Act** (Wagner Act), the nation's principal law on labor relations. Private-sector unionization was 6.6 percent, but public-sector unionization actually increased last year, from 35.3 percent to 35.7 percent.

When the law gets in its way, the **Obama** administration often just goes around the law. The administration attempted to illegally extend minimum wage and overtime regulations to some 1.9 million home healthcare workers employed by third parties (agencies, for example), making so-called "companion care" unaffordable for countless patients and putting additional stress on the underfunded Medicaid system for the poor. The Associated Press reported: "President Barack Obama announced the rules in 2011, avoiding a trip through a hostile congress that would have been required had the administration chosen the legislative path." But **U.S. District Judge Richard Leon** struck those regulations down, declaring, "Redefining a 40-year-old exemption out of existence may be satisfyingly efficient to the **Department of Labor**, but it strikes at the heart of the balance of power our Founding Fathers intended to rest in the hands of those who must face the electorate on a regular basis," that is, Congress.

Scott Fitzgerald, majority leader of the **Wisconsin Senate**, has called for the passage of a Right to Work law for his state. In response to such efforts, the **International Union of Operating Engineers Local 18** is backing an anti-Right to Work group called the **Wisconsin Contractor's Coalition**, made up of more than 300 construction-related companies. Why are these businesses opposing Right to Work? Greed. They are lured into the coalition by its support for prevailing wage laws, which require the payment of union-level wages on government projects. Such laws rip off the taxpayers—and help unionized companies—by preventing non-union companies from underbidding the unionized companies.

Meanwhile, Wisconsin's **Gov. Scott Walker** (R), who was labor unions' #1 target in the 2014 elections, has emerged as a serious candidate for the **Republican** presidential nomination in 2016. Walker drew cheers at a conservative meeting in **Iowa**, site of the first-in-the-nation caucus, and a recent poll in **New Hampshire** put Walker first, followed by **Jeb Bush**, **Rand Paul**, and **Ben Carson**.

Walker's reforms are credited with reducing public employee union membership in the state from 187,000 in 2011 to 138,000 in 2013. Counting a union-backed recall election, Walker won gubernatorial races with 52.2 percent in 2010, 53.1 percent in 2012, and 52.3 percent in 2014, in a state that hasn't voted Republican for president since **Reagan**—which means, one observer noted, "He compromised just far enough to win, and not one inch more. Grassroots Republicans are fed up with party leaders who wilt in the face of opposition, and they see Walker as someone who is willing to fight." Walker's negatives include his lack of experience in foreign affairs and the fact that elitists will make fun of him for not graduating from college. But **Dick Morris**, former political consultant for **Bill Clinton**, called Walker "ambidextrous" for his appeal to both establishment and grassroots Republicans, and said he is "the [**Chris**] **Christie** who succeeded." [See our reports on Walker's battles with unions in the May 2011 and July 2012 issues of *Labor Watch*, as well as a report on his dealings with Indian casinos and unions in the March 2014 issue.]

Gov. Rick Snyder (R-Mich.) was recently re-elected in that union stronghold, the birthplace of the **United Auto Workers**, after he signed legislation that made **Michigan** the 24th **Right to Work** state. Now **Charlie Black**, a prominent GOP operative, has called on Snyder, former chairman of the computer company **Gateway**, to consider a White House bid.

Bruce Rauner (R) isn't running for president; he was elected governor of **Illinois** just last November, and is at war with the unions that have virtually bankrupted his state. He wants to do away with Project Labor Agreements, which usually require the payment of union-level wages and benefits on construction projects, raising the cost to taxpayers by about 18 percent. PLAs "are basically what the unions have worked out with the politicians" whom "they influence with campaign cash," Rauner said. Union-backed Democrats have huge majorities in the state legislature, blocking the consideration of Right to Work at the state level, but Rauner is pushing for the creation of "Right to Work zones" in economically depressed areas. And he signed an executive order protecting state employees' right not to pay union dues.

As he takes on the unions, Rauner has his work cut out for him. **Richard Berman** noted in the ***Washington Times*** that 86 percent of Illinois state legislators "who served between 2002 and 2014 received campaign cash from public-sector unions, with **House Speaker Michael Madigan** receiving more than $1 million." Rauner's most likely opponent in 2018: Madigan's daughter, **State Attorney General Lisa Madigan**.