

Full Committee Hearing Notice - "Teachers Union Scandals: Closing the Gaps in Union Member Protections"

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Witness:

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Washington, DC

Testimony:

Thank you, Chairman Gregg and the members of this committee, for the opportunity to testify about the apparent – and appalling misuse of funds and abuse of trust we have experienced in our union.

I want to talk, as clearly and concisely as I can, about the steps the American Federation of Teachers has taken to correct this problem, and to do our very best to ensure that nothing like what happened ever happens again.

I am sickened and infuriated by this apparent massive misuse of union funds, of the betrayal of members' trust; even more so, if that's possible, because of what public education and teacher unionism mean to me.

I grew up in a Coney Island slum and then in a public housing project in Brooklyn, NY. It was public education – from kindergarten through college – that made a successful life possible for me.

After becoming the first in my family to earn a college degree, I became a public school teacher. I worked in a school on Manhattan's Lower East Side where the students came from a housing project, and had problems similar to what I and the kids I grew up with had experienced.

While in college, I had been active in the civil rights movement and worked with leaders like A. Philip Randolph and Bayard Rustin, who took the time to mentor me and so many other young idealists.

When I started teaching, I joined the union for the same reasons, to fight for the things the children needed – from smaller class sizes to better curricula, and for what I needed as a teacher: professional voice, better training, a decent wage.

That's how our union was founded in New York City. First by the hundreds and then by the thousands, teachers joined the union to win the resources and respect they needed to do their best work.

Mine was Local 2 of the AFT. Local 1 was founded in Chicago at the turn of the last century, long before anyone thought seriously about collective bargaining for teachers.

It was organized under the leadership of Margaret Haley, a sixth-grade teacher who started fighting for women's rights long before women had ever won the right to vote.

Her organization of teachers into a labor union was a logical extension of that fight.

The classroom teachers – the great majority of whom were (and still are) women who fervently believed in their mission as educators and fought as fiercely for the children as for themselves. They were joined by teachers from New York, Philadelphia, Detroit – yes, Washington, D.C. – and other major cities, and the AFT began to grow.

I've taken the time to talk about our history because it has been about idealism.

Corruption has never been part of our past; and I can assure you I will continue to do everything in my power to see to it that it won't be part of our future.

To that end, we have just taken a series of important steps to increase fiscal oversight of locals. I'll describe them shortly.

But I also want you to understand that at the heart of our history and our heritage is an intense commitment to the independence of our local unions.

The fiercely independent women (and men) who founded our local unions were determined to run their own affairs. They didn't want to be dominated or dictated to by school administrators or even by the American Federation of Labor.

That is why, when they affiliated, city by city, and local by local, with a national union, it was the American Federation of Teachers, with the accent on the word "Federation."

In the AFT, to this very day, we have a tradition of strong local unions, with complete autonomy – from electing officers, to setting policies, to setting their own local dues and making their own budget, and bargaining, ratifying and enforcing collective bargaining agreements.

This also closely tracks the strong tradition of local control in our public school systems. Just as local school districts are fiercely proud and protective of their local cultures, so are our local unions. That's one of the things, by the way, that makes the No Child Left Behind Act so daring – and so difficult to implement. (A few states have threatened to turn back federal funds rather than have local school districts forced to do certain things.) It's also important to understand that unlike some unions, the AFT doesn't deal with national employers. It's our local unions that negotiate and administer the union contracts with the local boards of education.

Over the years, we've built a strong national union, but it doesn't run locals. It exists for mutual self-help, to address national concerns, and to conduct research on and advocate for education improvements and other issues of importance to our members and the people they serve. We provide our local and state affiliates with a great deal of professional support. We worked with both the Washington, D.C., and Miami-Dade locals, for example, on turning around low-performing schools, providing professional development in the teaching of reading, and more.

My legendary predecessor Albert Shanker was known nationally as a leader for standards and accountability in our schools. But even he was criticized for not bringing all our local unions along, all the time. When it came to convincing local unions, even Al Shanker had to use the power of persuasion, not the persuasion of power.

But persuasion can work. For example, almost all of our local unions are now on the same page regarding many education improvements, such as how best to teach reading, an area in which the AFT has taken a leadership role.

In fact, President Bush and Secretary Paige have recognized the AFT's leadership on this issue, and the Department of Education is working with us, as did the previous administration, to help provide the nation's teachers with solid, research-based approaches to teaching reading. And we have worked with many of you in carrying out our belief that teacher unionism can be – and must be – a force for improvement for our students, our schools and our educators. In the AFT, we have prided ourselves on being a union of professionals.

So how did things go so terribly wrong in two of our locals? How can we set things right and prevent them from ever happening again?

I am constantly asking myself: Could we have seen the warning signs sooner? Even if we had, with hindsight – always 20/20 – could we have done more?

As I've said, the AFT consists of fiercely autonomous local unions – almost 3,000, ranging in size from two or three in an island community to 115,000 in New York City. 2,748 locals have fewer than 1,000 members each. Our Constitution – and our procedures and practices – reflect our tradition of local autonomy.

Yes, our Constitution requires that local unions prepare audits at least every two years, make them available to their members, and submit a copy to the national office. But, we have had no enforcement provisions because neither our history nor our experience indicated that they were needed. Instead, we've had to rely on persuasion. In fact, unlike many unions, for almost all of our history we prided ourselves on not having a constitutional provision for administratorships – relying on our locals to involve the members democratically and conduct themselves with integrity. And through the years, we never had a problem like the one we're now facing.

Only in the year 2000, after going through an extensive strategic planning process to prepare for the future, did we amend our Constitution to allow for administratorships should extreme circumstances arise, such as those that later did occur in Washington and Miami -- and I'm certainly glad we did.

You will recall that the situation here in Washington came to light because the AFT discovered it, and brought it to the attention of the appropriate authorities. We never covered it up. In fact, we reported on it extensively in our national union newspaper and on our Web site.

Although our office repeatedly had sought copies of audits from the president of the WTU and the payment of back dues, we first discovered that something was seriously wrong last summer when teachers alerted the AFT national office about an overcharge in the automatic dues deduction. With the cooperation of the WTU executive board, we sent in the AFT's financial services department, which soon found several serious irregular transactions, including checks and credit card purchases without proper authorization.

Again, with the involvement and support of the local's executive board, we notified the U.S. Attorney's Office, which began investigating the WTU, with the full cooperation of the AFT. The local executive board asked for the resignations of the officers allegedly involved, and the AFT hired a forensic auditor who ultimately reported the misappropriation of some \$5 million. All the excruciatingly painful details you have read about came directly from our forensic audit, which we promptly provided to all the AFT members and made public.

In January, the AFT executive council voted unanimously to appoint an administrator to run the day-to-day operations of the WTU. We appointed George Springer, an experienced educator and unionist who once headed the AFT state federation in Connecticut.

The case in Miami first came to our attention in a different manner. There, we had no knowledge of any alleged wrongdoing by the local's president until the FBI raided the union's headquarters on April 29.

Nor did we learn that the local was having serious financial problems – primarily due to the combination of cost overruns in the construction of a new building and a decline in membership – until representatives of UTD came to us last January, requesting that we guarantee a large loan. That guarantee was never given because they failed to provide satisfactory answers to our questions about their fiscal situation.

Over the years, the Miami local's audits – conducted by a reputable national accounting firm – had never indicated that there were financial problems, until a problem appeared on the very last audit, conducted by a local accounting firm and submitted in March of this year.

As in Washington, once aware of potential financial mismanagement, we moved into that local immediately, appointing Mark Richard – a nationally known labor lawyer and Miami law professor – as the AFT's administrator.

Both Mr. Springer in Washington and Mr. Richard in Miami-Dade are meeting regularly with their teachers, getting their local's finances in order, and doing everything it takes to turn these unions around, rebuild their democratic processes and return the locals to the members.

Meanwhile, on the national level, as I previously noted, we have created much stronger procedures to help prevent or detect possible corruption in a union with almost 3,000 separate and autonomous local unions within an education system where local control is paramount. Let me briefly describe them.

First, under our new rules, if a required audit or financial review isn't submitted to us within six months of the close of the local's fiscal year, the national AFT president is authorized to employ an auditor to review the local's finances, inform the local's members immediately, and report the results to the members and to the AFT executive council.

In addition, because one sign that a local might be having financial difficulties for any reason is if it falls significantly and unaccountably behind on its dues payments to the AFT, our executive council strengthened the procedure for dealing with late payments.

Under our new rules, any local that becomes two months behind in its payments will receive notification in writing. If the situation isn't corrected within 30 days, the AFT will directly notify the local's executive board and state affiliate. If the payments are not made within 30 days from that point, we will communicate directly with the members of that local. And when a local is in bad standing because of late dues payments, the president is authorized to send in an auditor to examine the books. So for the first time, we can now directly inform a local's members of a potential problem, and we have a streamlined mechanism to employ our own auditor. Members' knowledge and involvement are, perhaps, the strongest weapons we have.

What has happened in these two locals is a tragedy, but it is also what educators call "a

teachable moment.” As I mentioned, our newspapers and Web site have kept our members and leadership throughout the country informed about these situations. The Web site is carrying WTU’s full forensic audit, along with our own AFT financial statement audited by an independent firm. A similar forensic audit will be completed and posted for Miami within months.

We are developing additional training programs for local union presidents, treasurers and other officers in financial management, recordkeeping and reporting.

I am determined – out of outrage and belief – to guard our historic mission: to nurture the open, honest, democratic union that the AFT has always been, which gives voice to teachers’ aspirations to improve education for all of America’s children, for the good of our communities and our country.

Thank you for listening. And now I would be glad to answer your questions.