

# **2020 Biennial Report of the Finance Committee**

**CWA**

**Communications Workers of America**

**October 21, November 19 and**

**December 7, 2020**

**Virtual Meetings**

Dear Sisters and Brothers:

Your Finance Committee met via Zoom on October 21, November 19 and December 7, 2020, to review the 2019-2020 expenses and to plan for the 2020-2021 and 2021-2022 CWA Operating Budgets. All supporting documents requested were made available to us for review including the Consolidated Financial Statements for the period ending May 31, 2019, prepared by the Certified Public Accounting firm Calibre CPA Group, PLLC. The audit was conducted in accordance with generally accepted accounting principles. In the accountant's opinion and in all material respects, the financial statements fairly presented the financial position of the Communications Workers of America, AFL-CIO, and CLC as of May 31, 2019.

The Finance Committee carefully reviewed expenses paid out during the 2019-2020 fiscal year and would like to acknowledge the efforts of the districts, sectors and divisions that were able to stay within their administrative budgets during this turbulent time. The committee also noted the paid expenses within those administrative units that were more than 1% over their annual budget allocations. For this fiscal year, those units were in District 6 and NABET-CWA. The committee received communications from both the district and sector vice presidents providing their reasoning for the budget overages.

The sector Vice President of NABET-CWA responded to our request to explain the 2019-2020 fiscal year overage. We suggest that NABET-CWA look into sharing some of the costs for their Sector Conference with the locals, which might require changing sector by laws. In addition, we suggest that they look into forecasting and setting aside unused income in non-conference years to prepay for debts they know they will incur.

The Vice President of District 6 provided his budget overages to the committee. His as well as various other Vice Presidents' overage within the legal budget line has led us to recommend that the Executive Board consider the addition of in-house counsel for all districts and sectors.

The Finance Committee suggests a continuance of the 25% budget cut recommendations that were implemented during the fiscal year ending 2018. These cuts initially were instituted because of the Supreme Court ruling in the Janus vs. AFSCME case. CWA is still at risk of losing more public sector members and the struggle to keep these employees as members continues. With anticipated attacks on labor, we should maintain these cuts and expand efforts of CWA STRONG to increase membership.

We also encourage leadership to continue the implementation of the CWA Stewards Strong program that began in 2019. This training program is a vital resource for our leaders and members and, even if it needs to be conducted virtually, funding is available and should be used as to not lose any momentum conducting this program.

Furthermore, we urge the Vice Presidents to continue using the resources available to CWA via the Strategic Industry and Growth Funds. The passing of Resolution 1 "Funding Our Fight for the Future" during the 2019 CWA National convention allowed CWA to use the additional available funds to continue or advocate for various new projects including CWA STRONG, the organizing of new industries, or building bargaining power for upcoming contract fights.

Due to the impact of COVID-19 all in-person conferences have been canceled for the calendar year 2020. CWA has done a good job combining meetings and should continue to do so going forward by combining as many meetings as possible to reduce expenditures on both the local and the International level.

The Finance Committee makes the following recommendations to further work with our budgetary challenges:

- Article XIII, section 9 of the CWA Constitution, addressing the Authority, Duties and Obligations of Locals, states:

(t) To maintain an active organizing program and budget monies to support the Local's efforts as well as assisting the Union in reaching a goal of 10% of resources to be spent on growth;

We acknowledge during this difficult time that setting aside 10% of your resources seems unachievable, however, we encourage each local to come up with creative ways not only to reach this goal but also to seek out workers who would benefit from joining together in a union. Although it may be uncomfortable, we feel honest discussions that may include non-traditional ideas need to happen within your locals. As Janus and Covid-19 have forced changes at the International level, we are asking locals to review mergers and jurisdiction in their membership and finances and cut duplicate efforts in representation and mobilizing efforts.

- The committee recommends that the Executive Board have a discussion about providing in-house counsel at each district and sector level to reduce legal expenses. Currently, most districts pay retainer and legal fees that could be lessened by having CWA in-house legal support. We acknowledge that not every case can be handled by a localized small staff, but in many cases an in-house counsel can answer specific questions more efficiently.
- COVID-19 has taught us many lessons and being able to work from home or in smaller spaces is one of them. The committee recommends downsizing office space or closing some of the satellite district offices when fiscally or physically possible. For starters, with input from the Executive Board, the International can put together a matrix that can be used to allocate office space. Not using these funds for offices would free up money to hire staff. We also encourage working from home when possible and with oversight when appropriate. CWA should re-evaluate its staffing needs in the office and what work can continue to be done remotely.
- Lastly, we recommend CWA fully get behind any and all legislative improvements, not only to save our union jobs, but to encourage our organizing and growth in all districts and sectors. This legislation includes, but is not limited to, H.R. 6800 - Health and Economic Recovery Omnibus Emergency Solutions Act (HEROES), H.R. 3219 - United States Call Center Worker and Consumer Protection Act of 2019, H.R.2474 - Protecting the Right to Organize Act of 2019, H.R.3463 - Public Service Freedom to Negotiate Act of 2019. *(The bill numbers may change moving forward into the new congressional period.)*

Although CWA has many hurdles to overcome moving forward, it has put itself in a position to withstand and fight the ups and downs that are likely to occur in the future. Historically, we have made beneficial changes including, but not limited to, over a dozen large vendor contract negotiations, Resolution 1, benefit and pension changes, bargaining and arbitration costs, building savings, and structural savings.

Our current path is unclear, but ideas are being formulated daily. For example, CWA STRONG's systematic efforts to sign up nonmembers in right-to-work and open shops, to engage with and encourage the 2020 election winners to aggressively pursue pro-worker legislation and allow for new organizing, turning the tide of layoffs and outsourcing from all CWA represented units, and, finally restoring democracy will stabilize and strengthen our union.

The 2019-2020 Finance Committee would like to thank President Chris Shelton, Secretary-Treasurer Sara Steffens, Assistant to the Secretary-Treasurer Elizabeth Wilks, and staff for their time and efforts in aiding the committee in the review, development and preparation of this year's report.

The committee also wishes to thank representatives in all CWA districts, national units, and headquarters for their ongoing efforts to achieve the financial targets outlined in the 2019-2020 budget.

In Solidarity,

Frank Tallarine, Secretary-Treasurer, CWA Local 1106  
Christine Shaw, Secretary-Treasurer, CWA Local 4100  
Charles Robinson, President, CWA Local 84707  
Shad Ercanbrack, President, CWA Local 7026

**Communications Workers of America - Operating Budget  
2019 - 2021**

	<u>2019-2020</u>	<u>2020-2021</u>
<b>Income</b>		
Dues - Members and Agency Fee Payers	\$ 81,157,804	\$ 79,157,804
HQ Building	4,500,000	4,500,000
Other Income	900,000	900,000
<b>Total Income</b>	<b>\$ 86,557,804</b>	<b>\$ 84,557,804</b>
<b>Expenses</b>		
<b><u>National Programs</u></b>		
029 Organizing Fund	3,693,750	3,693,750
030 Community Action	112,500	112,500
031 Legal Admin Unit Litigation & Misc.	468,750	468,750
032 Convention	650,000	300,000
034 Committees, Conf, Human Rights & Board Mtgs	330,000	400,000
038 Taxes	400,000	400,000
039 Affiliation Dues - AFL-CIO & Other	980,885	350,000
040 Contingency	1,738,329	782,174
043 Information Systems	525,000	525,000
045 Communications (CWA News & PR)	1,226,250	1,226,250
046 Professional Services	570,000	570,000
047 International	22,500	22,500
048 Education	127,500	127,500
061A Retiree Benefits (Health Care, Insurance)	6,000,000	6,000,000
061B Insurance - Other (Workers Comp., etc)	880,000	880,000
064 Staff Moves	150,000	150,000
066 CWANET Training	75,000	75,000
225 Internal Loan Repayment	1,807,156	1,807,156
<b>Total General Budget</b>	<b>\$ 19,757,620</b>	<b>\$ 17,890,580</b>
<b><u>Administrative Units</u></b>		
A1 Salaries - Officer & Staff	24,190,108	24,299,271
A2 Salaries - Full Time/Other	9,472,487	9,382,651
A3 Employee Benefits (Non-Pension)	8,414,013	8,422,980
A4 Employee Taxes	3,062,701	3,065,965
A5 Employee Pension	5,746,686	5,727,627
B1 Office Occupancy	5,720,303	5,701,290
B2 Staff Expenses	2,999,373	2,696,477
B3 Administrative Operations	3,665,456	3,665,456
B4 Legal	3,529,056	3,705,509
<b>Total Administrative Units</b>	<b>\$ 66,800,184</b>	<b>\$ 66,667,224</b>
<b>Total Budgeted Expenses</b>	<b>\$ 86,557,804</b>	<b>\$ 84,557,804</b>
<b>Total Income</b>	<b>\$ 86,557,804</b>	<b>\$ 84,557,804</b>
<b>Surplus/(Deficit)</b>	0.00	(0.00)

05/15/2020

**Administrative Units Budget  
2020 - 2021**

District & National Units	A-1		A-2		A-3		A-4		A-5		B-1		B-2		B-3		B-4		Total Admin Unit Expenses
	Salaries: O&S	Salaries: Other	FT & Other	Emp Benefits: 25%	Emp Taxes: 9.1%	Emp Pension: 17%	Total Personnel Expenses	Office Occupancy	Staff Expenses	Administrative Operations	Legal	Total Office Admin. Expenses	Total Admin Unit Expenses						
District 1	3,949,568	740,121	1,172,422	426,762	797,247	7,086,119	1,239,760	400,440	610,676	1,651,994	3,902,869	10,980,983.36							
District 2-13	1,635,906	387,472	505,945	184,127	343,974	3,057,325	338,173	170,835	150,003	403,710	1,070,721	4,128,045.79							
District 3	2,016,074	536,627	643,675	234,298	437,699	3,890,373	234,541	209,895	275,982	250,502	970,920	4,861,293.76							
District 4	1,508,531	384,374	473,226	172,254	321,794	2,860,179	292,780	157,815	199,714	15,512	665,822	3,526,000.76							
District 6	1,868,271	440,316	577,147	210,081	392,460	3,488,275	603,630	190,950	206,260	621,835	1,622,675	5,110,949.83							
District 7	1,752,089	499,472	562,890	204,892	382,765	3,402,107	135,355	172,005	151,211	205,177	663,747	4,065,854.68							
District 9	1,519,724	328,317	462,010	168,172	314,167	2,792,390	524,607	145,965	221,934	195,202	1,087,709	3,880,098.99							
PPMWS-CWA	-	-	-	-	-	-	-	-	0	(0.00)	(0)	(0.00)							
TUE-CWA	2,844,835	269,161	778,499	283,374	529,379	4,705,249	46,752	342,840	181,634	80,325	651,552	5,356,800.30							
TNG-CWA	1,037,296	137,359	293,664	106,894	199,691	1,774,904	162,533	137,873	127,158	213,224	640,787	2,415,690.70							
WABET-CWA	671,051	118,311	197,340	71,832	134,192	1,192,736	60,613	88,410	104,536	67,032	320,590	1,513,315.95							
T&T	692,701	131,803	206,126	75,000	140,166	1,345,825	132,015	66,675	81,350	994	281,033	1,526,858.23							
Public Works	322,595	72,647	98,788	35,959	67,176	597,075	62,855	38,940	18,714	-	120,509	717,933.83							
<b>Total</b>	<b>19,818,552</b>	<b>4,067,978</b>	<b>5,971,632</b>	<b>2,173,674</b>	<b>4,060,710</b>	<b>36,092,546</b>	<b>3,833,612</b>	<b>2,122,643</b>	<b>2,337,171</b>	<b>3,705,509</b>	<b>11,998,935</b>	<b>48,091,481.18</b>							
Headquarters	4,480,719	5,314,673	2,451,348	892,291	1,666,917	14,805,947	1,867,678	573,834	\$1,328,284.32	-	3,769,796	18,575,743							
<b>Grand Total</b>	<b>24,299,271</b>	<b>9,382,651</b>	<b>8,422,980</b>	<b>3,065,965</b>	<b>5,727,627</b>	<b>50,898,493</b>	<b>5,701,290</b>	<b>2,696,477</b>	<b>3,665,456</b>	<b>3,705,509</b>	<b>15,768,731</b>	<b>66,667,224.16</b>							

**Explanation Of National Programs**

## **Exhibit A**

### **Organizing (029)**

We must continue our internal and external organizing efforts in order for CWA to remain an effective organization. The salaries of permanent Organizing Coordinators are included in Line item A1 of their Administrative unit. All organizer expenses are charged to the Organizing account.

### **Community Action (030)**

This allocation allows CWA to respond to a small percentage of the meaningful requests we receive from community and civic organizations, programs and activities dedicated to the welfare of all citizens.

CWA upholds membership and serves on executive boards of a number of organizations. Fees associated with these activities are included in this budget allocation.

### **Legal Administration Unit Litigation and Miscellaneous (031)**

Our legal costs continue to be a significant part of our budget. A portion of these expenses are budgeted to the Administrative unit section. This allocation is for the remainder of our legal expenses.

### **Convention (032)**

This allocation includes funding for the biennial convention, including auditorium and meeting room rental and setup, printing of verbatim reports and other convention materials, postage, wages and expenses of convention committees.

### **Committees, Conferences & Executive Board Meetings (034)**

Permissible expenses are associated with meetings of the Union's Executive Board including travel expenses of Executive Board members and others required to be in attendance. If required, the cost of the meeting room is also included. The budget allocation further includes a provision for committee meetings and conference expenses. Expenses for the Minority Leadership Institute in the amount of \$40,000 have been moved out of the Education Budget line into this line. The allocation does not cover expenses of these attendees for committee meetings and conference expenses unless authorized by the President of the Union.

### **Taxes (038)**

This allocation covers non-related payroll taxes, such as the costs of District building and personal property taxes.

### **Affiliation Dues (039)**

This allocation is for affiliation dues paid to organizations such as the AFL-CIO Departments, Union Network International, IAPTA, International Metal Workers, International Federation of Journalists, and others.

### **Contingency (040)**

The purpose of this account is to provide for unexpected and unknown costs or those expenses that cannot be budgeted to appropriate accounts at the time the budget is prepared.

### **Information Systems (043)**

This budget item reflects the costs of office automation, internal communication networks, training, and updating of equipment in the Headquarters and District offices.

### **Communications (045)**

This account includes the funding of the CWA News, which is mandated by Article XXVI of the CWA Constitution. The allocation includes the cost of printing and postage and is also used for the Union's publicity and public relations program which brings the story of the Communications Workers of America to the public through the mass media of radio, TV, newspaper and social media. It will also pay for ongoing recurring expenses related to our digital media operations, such as hosting fees for our online communications systems, blast email, advocacy and text messaging platforms, and the purchase and renewal of domain names.

**Professional Services (046)**

This budget item allocation reflects expenses for audit fees and miscellaneous professional services such as accountants, actuaries and consultants, including those hired to support bargaining and contract negotiations.

**International (047)**

CWA is involved in the free world trade union movement. This budget allocation funds activities with our labor colleagues from a number of countries.

**Education (048)**

This budget account allocation is for the expense of week-long leadership conferences and the development and delivery of training programs.

**Retiree Benefits (061A)**

The allocation to this account is for the general insurance policies of the Union, which include group healthcare, pharmaceutical, vision, dental, and life insurance for retirees. Employee healthcare expense is reflected in the Administrative Unit budgets – Line A3.

**Insurance – Other (061B)**

The allocation to this account is for insurance coverage other than employee healthcare and automobile.

**Staff Moves (064)**

This allocation is for the costs associated with relocating Staff.

**Apprenticeship & Training (066)**

This budget allocation is for existing apprenticeship, training activities and new programs which may be implemented in this budget year.

**Internal Loan Repayment (225)**

Interest expense related to any loans taken by the general fund.

**Total National Programs** - Total of Budget accounts 029 through 066.

**Total Administrative Units** - Total of A1 through B4.

**Total Budgeted Expenses** - Total of National Programs and Administrative Units.

**Explanation Of Administrative Unit Budget**

**Exhibit B**

**Budget Line A1-A5 & B1-B4 Formula Applications**

To determine certain allocations, the Budget is based on March 2019 per capita counts.

**A1 Salaries – Officers and Staff**

Reflects annual salary cost for administrative unit officers, staff and professional employees.

The following chart indicates the officer's salaries:

<b>POSITION</b>	<b>SALARY</b>
PRESIDENT	\$218,598
SECRETARY-TREASURER	\$195,740
DISTRICT VICE PRESIDENTS, TNG-CWA VICE PRESIDENT, NABET-CWA VICE PRESIDENT, IUE-CWA VICE PRESIDENT, T&T VICE PRESIDENT AND PUBLIC WORKERS VICE PRESIDENT	\$170,699
AFA-CWA VICE PRESIDENT	\$155,903

**A2 Salaries Full Time and Other**

Reflects annual salary cost for administrative unit full-time clerical employees and supervisors.

**A3/A5 Employee Benefits**

This allocation reflects 30% of administrative unit salaries for employee medical, dental, vision, life insurance, and 401(k) match, plus sufficient funds to meet the pension plan fund commitment.

**A4 Employee Taxes**

Each administrative unit is allocated 9.1% of administrative unit salaries for employee tax expense.

**B1 Office Occupancy**

Each administrative unit allocation includes known increases that could be determined. Figures include projected common area maintenance and rent increases projected at 2% for the 2018-2019 budget year.

**B2 Staff Expenses**

Reflects funds allocated for Staff travel, auto, and communication expenses.

**B3 Administrative Operations**

This line includes expenses for the following items: part-time salaries and expenses, supplies and printing, postage and freight, rental and maintenance of equipment, contract services, electronic communications, and any other operating expenses.

**B4 Legal**

This includes each administrative unit's allocation for expenses such as retained counsel, arbitration, charges and litigation.