

**Report of the
Defense Fund Oversight Committee
to the 78th Convention**



**Communications Workers of America
October 18-20, 2021**

**Report of the
Defense Fund Oversight Committee
September 2021**

Through resolutions and rules adopted by various CWA conventions, the Defense Fund Oversight Committee (DFOC) is charged with the responsibility to review activities associated with the Robert Lilja Members' Relief Fund (RLMRF), the Strategic Industry Fund (SIF), and the Growth Fund (GF). The DFOC is authorized to examine receipts, disbursements, investments, and the administrative policies associated with the funds. The DFOC may also, with a two-thirds vote, affirm CWA Executive Board actions that are consistent with the rules governing those funds. The DFOC is required to report its findings to each CWA Convention and make recommendations to the Convention where appropriate. The DFOC also issues a report at the Biennial Presidents meeting.

Due to COVID-19, the DFOC could not meet at CWA Headquarters in 2020, so we held a number of Virtual Meetings using the Zoom application. The DFOC met April 28 - 29, 2021 via Zoom and September 13 – 17, 2021 in Washington, D.C. The DFOC reviews new grant requests, reallocations and extensions approved by the Executive Board, as well as other emergent issues during our regularly scheduled weekly meetings every Friday. The committee also reviews activities associated with The Robert Lilja Members' Relief Fund (RLMRF), Strategic Industry Fund (SIF), and Growth Fund (GF).

On September 14, 2021, we held a virtual meeting with John Marco from the Segal-Marco Consulting Group (SMCG) to review his report on investments for the period ending August, 2021. On September 14, 2021, we also had a virtual meeting with Chris McDonough from Investment Performance Services (IPS). During the meeting we reviewed the performance of our investment manager for 2021 compared to market benchmarks for similar investment strategies based on the asset allocations authorized by the trustees of all the funds subject to oversight by the DFOC.

I. INVESTMENTS

According to rules established at the 2019 CWA Convention, all earnings in the RLMRF are moved and split equally between the SIF and GF. (Under the prior rules one-half of the earnings in the RLMRF were moved to the GF.) In the first half of 2021 investment returns were \$21,600,000 and distributed according to the directives in Resolution One of the 77th Convention. Distributions were made to the SIF and GF and for affiliation dues to the AFL-CIO.

According to RLMRF guidelines, when the RLMRF's assets fall below \$400 million, one half of the investment earnings are retained by the RLMRF. When the fund's assets fall below the floor of \$377,484,108, the quarter hour of dues that would otherwise be sent to the SIF and GF is retained by the RLMRF. Once the target floor balance is achieved, the quarter hour of dues is redirected to the SIF and GF, and the RLMRF's growth is fueled by investment returns and asset appreciation. When the RLMRF reserves reach \$500,000,000, the floor will be raised to \$400,000,000.

II. THE ROBERT LILJA MEMBERS' RELIEF FUND

Loans

\$40,400,000 Loan to CWA all interest payments are up to date
\$35,000,000 Line of Credit to CWA to date, only \$100,000 has been used.

Mortgages

The DFOC reviewed the current mortgages to locals held by the RLMRF. All mortgages are current. The fund is the first lien holder, and loans may be up to 80% of current appraised value with a clear title. Mortgages as of July 31, 2021, are:

LOCAL	BALANCE @ 7/31/2021	LOAN AMOUNT
1038	\$153,626.01	\$212,000.00
1133	231,276.57	997,986.67
2108	319,745.54	698,000.00
3105	31,759.09	35,000.00
3112	17,050.31	25,000.00
3412	11,304.28	15,200.00
4100	195,586.40	334,000.00
4340	569,796.49	722,578.39
7704	37,486.23	66,026.03
7803	54,170.05	190,000.00
9003	262,827.25	303,246.24
9415	153,949.76	200,000.00
9423	10,129.06	906,216.15
9509	426,708.89	850,000.00
9510	224,084.20	250,000.00
9586	576,226.00	600,000.00
9588	168,528.56	200,000.00
83770	187,002.34	210,000.00
Total	\$3,631,257.03	\$6,815,253.48

Expenditures — April 1, 2020 – July 31, 2021

Strikes/Heroes of Collective Bargaining

During this period, there were no strike-related payments and two heroes of collective bargaining allocations.

Heroes-of Collective Bargaining Expenditures:

St. Mary's Hospital – Local 9413	\$4,400.00
Stephens Media Group – Local 51024	\$89,600.00

The balance of the RLMRF as of July 31, 2021, was \$455,267,902

III. STRATEGIC INDUSTRY FUND (SIF)

The Strategic Industry Fund campaigns approved by the Executive Board and the DFOC continue to increase our leverage at the bargaining table and advance our major policy initiatives. Since we began approving SIF allocations in 2006 we have funded many successful projects and continue to incorporate insights from each project into our project management practices.

The campaigns operate with specific budgets and clear, measurable benchmarks with six-month evaluations. We currently have 79 active SIF campaigns.

NOTE: Any member wishing to review a SIF report should contact the Secretary-Treasurer's office.

SIF INCOME and EXPENSES as of July 31, 2021:

Total Income, since inception September 2006	\$367,144,744
Total Expenses, since inception September 2006	\$258,278,258
Allocated SIF Balance	\$31,653,461
Unallocated SIF Balance	\$77,213,025

The balance of the Strategic Industry Fund as of July 31, 2021, was \$120,289,886.

IV. GROWTH FUND (GF)

At the 74th CWA Convention held in April 2013, the delegates approved this committee's recommendation for the establishment of the Growth Fund, which uses one half of the RLMRF's annual earnings to invest in campaigns that have the potential to change the course of our movement and our nation. With the establishment of the Growth Fund, the Defense Fund Oversight Committee's responsibilities were expanded to include participation, with the Executive Board, in the approval and evaluation of Growth Fund requests.

The Growth Fund supports and enhances the Union's movement building, organizing, leadership development, research, industry analysis and efforts to achieve economic justice. The Growth Fund can be used to hire staff needed to launch new campaigns and support existing efforts.

The campaigns operate with specific budgets and clear, measurable benchmarks with six-month evaluations. We currently have 26 active Growth Fund campaigns.

NOTE: Any member wishing to review a Growth Fund report should contact the Secretary-Treasurer's office.

Growth Fund INCOME and EXPENSES as of July 31, 2021:

Total Income	\$121,156,811
Total Allocated	\$85,643,276
Total Unallocated	\$35,513,535

The balance of the Growth Fund as of July 31, 2021, was \$53,027,093.

V. SMART Proposal

The DFOC understands that the sustained attack on organized labor nationally over the last five decades has had an adverse impact on our members, our union and all working families.

The concentration of wealth in the hands of fewer and fewer individuals at the expense of a declining middle class is a direct result of a weakened labor movement and a serious threat to our democracy.

We understand that as a union we must adapt to the conditions we find at this moment in time. Clearly, the decline in our membership has impacted our ability to properly staff our union to ensure our members receive the services we are duty bound to provide.

At our last convention we passed Resolution 1 to provide additional resources to hire staff and began to do so. However, the COVID-19 pandemic sent our economy into a tailspin and our employers laid off thousands of our members. The resulting loss of dues income meant that the planned hiring could not occur; the resources from Resolution 1 were necessary to support the current staffing levels. So, the hiring plan ended. But the need did not end.

Therefore, we believe the SMART proposal to hire 28 staff uses the member's dues to serve us at the front lines in contract negotiations, administering contracts and organizing and is needed to achieve our goals.

The DFOC was created to oversee these funds. The members, through convention action, have entrusted us to support our collective goal of achieving better contracts. In the past, that meant striking. The MRF was designed to support strikes by minimizing the hardships placed on our members. We soon realized that we could achieve our goals without a strike if we acted smarter by acting strategically. At the 2006 Convention, delegates approved the SIF and authorized strategic organizing, membership mobilization and political leverage to achieve good results at the bargaining table without striking.

In 2013 delegates to the Convention authorized the Growth Fund for building a better bargaining climate by promoting innovative approaches in building a movement for economic justice and democracy that supports growth in our union and the labor movement. In addition, this investment in growth is designed to find organizing targets in an ever-changing economy our members and union must adapt to.

While we adapt to these changing times by being strategic and growing our movement, we are unwavering in our mission to support members on strike and make sure our members are able to stay out one day longer. We should remember that under the MRF rules there is a soft floor that requires that one-half of investment income and quarter hour dues go to the MRF if the balance falls below \$400M. Furthermore, if the MRF balance falls below \$377M, all investment income and quarter hour dues go into the MRF. In the unlikely event that a strike still depletes the MRF (\$455M) any unallocated funds in the SIF (\$120M) and GF (\$53M) would also be sent to the MRF.

We understand that the goal of all these funds is to get the best contracts we can for our members. A strike is not an end; it is a means to an end. Our goal is a great contract that offers our members the economic security they deserve for the contributions they make in the enterprises that employ them.

After a review of the original SMART proposal the DFOC made the following recommendations:

First, the proposal requires that all principal and interest payments from mortgages issued by the Robert Lilja Members' Relief Fund be retained in the Fund to ensure continued growth.

Second, the funding of the 28 positions shall require semiannual reporting to the DFOC and a review and reauthorization to continue or modify funding from the SIF by the CWA Convention the year after the membership target of 500,000 is achieved.

Finally, we proposed changes to this clause of the SMART proposal:

In an emergency, and with unanimous approval of the Defense Fund Oversight Committee, rather than the usual two-thirds, CWA may spend up to an additional 10% of the Strategic Industry Fund balance on General Fund needs. Emergencies shall include FEMA-declared natural disasters, pandemics, national loss of fair share fees, or other unforeseen situations that cause a significant sustained loss of income and substantially impair CWA's ability to serve members.

All our proposed changes from the DFOC were adopted by the Executive Board and the committee unanimously voted to support the SMART proposal.

VI. CWA Strategies to Survive During the Pandemic and Successes

During these unprecedented times, CWA has been a leader and innovator when it comes to meeting our current membership's needs and reaching out to people who need union representation.

Social distancing, shelter-in-place orders, and other challenges presented to CWA's local leaders, activists and staff during the COVID-19 pandemic required CWA to develop new strategies for achieving our Strategic Industry Fund (SIF) and Growth Fund (GF) project goals. CWA took a deep dive into these projects and quickly

revamped training, bargaining, mobilization, organizing, and legislative and political projects with COVID-19 protocols in place.

Senior staff are drafting and reviewing new projects to ensure that they take COVID-19 conditions into account. This will eliminate the need to revisit the proposal if conditions change, facilitating a quick, seamless transition into a more robust project. If contingency funds are not utilized, they are returned to the Growth Fund or Strategic Industry Fund silo.

Project Highlights

Strategic Industry Fund

Industry Analysis SIF

The Industry Analysis SIF enables the Research Department to support telecom sector bargaining, organizing and movement-building by funding research tools, expert consultants and progressive partners. The current phase of the SIF has been instrumental in supporting a range of work by the Research Department, including CWA's interventions during the Frontier bankruptcy and Verizon-Tracfone transaction, our organizing in wireless and tech, and publication of reports by partner organizations that support CWA's organizing and policy efforts, such as the National Employment Law Project's reports on Maximus workers and temps in tech. Our membership with the Council of Institutional Investors enabled us to host a session at their conference on predatory hedge fund tactics in telecom. In sum, this SIF enables the Research Department to provide timely, well-sourced information for CWA's work representing our members and organizing to win power for working people.

Building Broadband for All CWA

Building Broadband for All CWA has been highly successful in bringing real Infrastructure Legislation to Congress that addresses the lack of Broadband access across this country. It also closes loopholes that major CWA employers did not take advantage of from the American Recovery and Reinvestment Act of 2009. With the help of the District 7 Capacity Building SIF, organizers mobilized members to help elect a majority of CWA allies in the U.S. Senate. This successful campaign has allowed our allies to focus on developing the language that has the potential to bring \$65 billion for broadband build out across the country. Activists will continue to focus on contacting Congress to ensure labor standards, fiber deployment and oversight are applied to these funds as it continues to move thru the U.S. House and Senate.

5G Infrastructure and Wireless Organizing

This program seeks to gain power for workers in the wireless industry generally, and specifically amongst Verizon Wireless corporate and vendor employees and the non-union AT&T Mobility sectors. To do this, the team has built a growing network of workers who take action collectively to improve their terms and conditions, while

building power at work. We have also highlighted areas of concern amongst key stakeholders who interact with Verizon Wireless, including with their 5G rollout.

Despite an almost 2-year pandemic, which has created obvious challenges to do this work, we have succeeded in achieving our goals in some areas, while challenges remain.

Through the funds approved by the DFOC, we have engaged hundreds of workers at Verizon Wireless on petitions about COVID-19 safety, unreasonable metrics and issues around racism at work; in City Council hearings; and through countless zoom meetings where workers have planned further collective action. Our organizers have helped workers in retail locations demand, and win, raises through collective action. We have helped workers expose racism and unfair treatment, filed EEOC complaints, and reached settlements with their employers. We even had an activist publicly confront the CEO of Verizon on video, about their union busting. We have used social media to generate hundreds of leads around issues at work. In a breakthrough, we have also won an NLRB election to represent all In Home Experts (IHX) employees at ATT Mobility in Detroit, MI.

Organizers have trained and worked with dozens of Mobility workers in our Wireless Brigade, who have generated hundreds of leads after extensive organizing trainings in every district. We have expanded with a 5G wing of our brigade made up primarily of technicians, who have worked with our research department to systematically document shoddy sub-contractor work in the Verizon 5G infrastructure buildout and to begin organizing probes with contractor workers. As a result, we have successfully worked with elected officials to advance contractor transparency requirements for city permits in San Diego, which we are now moving to replicate in many other jurisdictions.

CWA leadership has recently succeeded in negotiating for 4,000 IHX ATT Mobility workers to be included in our card check and neutrality agreement, so we are now ramping up our work in every district to win recognition for these workers. We hope and expect a breakthrough here soon.

Although there is little doubt that the funds approved by the DFOC have allowed workers to build power in the non-union side of the wireless industry, challenges abound. The vicious anti-union culture at Verizon Wireless specifically has made organizing very difficult. This employer continues to spend significant resources trying to stop any signs of organizing in its tracks. We continue to try to agitate so workers can overcome their fear to take collective action.

Payroll Support Program

This project, supported the effort to pass the federal Payroll Support Program which provided \$54 billion for wages and Social Security contributions for workers, especially in the airline industry. It was a tremendous success. The strategic work legislatively, public relations and dedicated membership mobilization drove the initiative and it was all possible only because of this SIF grant.

Save The News

At the NewsGuild Sector, two SIF projects designed to aid the struggling news industry helped secure thousands of media worker jobs through an expansion of the Paycheck Protection Program in early 2021, and launched the Guild's legislative/political campaign. During Phase 5 of the Sector's Organizing SIF, 2,247 workers achieved recognition or certification across the entire Guild. Campaigns supported by national staff achieved a union for 845 workers across 16 workplaces. A Bargaining Support SIF approved in December 2020 helped the Guild support locals in gaining staff to help handle the 30% increase in membership of the sector in the last four years, by supporting additional staff positions in our locals.

Nokia Retirement Security and Healthcare Protection, Phase 2

The goal of the Nokia Retirement Security and Healthcare Protection, Phase 2 SIF is to protect the retirement security and healthcare benefits of our Alcatel-Lucent members, retirees and dependents.

We mobilized and educated our Alcatel-Lucent (Nokia) local leadership, activists, members and CWA retirees so that they will be "our feet on the street" to lobby, call and write their legislators. In addition, we engaged in a media campaign to raise awareness among the general public about the antics of Alcatel-Lucent (Nokia).

We achieved job and retirement security and healthcare benefits for our Nokia members and CWA retirees. On August 23, 2019, we reached an Agreement with Nokia to continue to provide retiree medical, dental and group life insurance through 2024 thereby securing retiree benefits for over 40,000 retirees and their dependents. As part of the Agreement, CWA and IBEW agreed to withdraw the lawsuit in October 2019. We are still fighting to secure jobs, retirement security and health care for our current members thru a new collective bargaining agreement.

These SIF funds along with our continued pressure on Nokia forced them to find a third party contractor who was willing to take over the bargaining unit and negotiate a first time contract in exchange for a commercial agreement with Nokia for work. The third-party contractor is Goodman Communication Services. CWA was successful in negotiating a 3-year Agreement with Goodman Communication Services. Job offers were made to all 201 Installers.

In Addition, CWA negotiated an Effects Agreement which included five (5) years added to age and service making all but 27 Installers service pension eligible. All Installers received a severance package that included the equivalent of enhanced severance as a special pension benefit, \$30,000 lump sum and extended company paid COBRA for those Installers not eligible for retiree healthcare.

The Agreement also protected the collectively bargained retiree healthcare for approximately 5,200 retirees/dependents until the end of calendar year 2027.

Tech and Video Game Organizing (CODE-CWA)

One of the Organizing SIF highlights has been our work organizing high tech and video game workers. We were pleased to welcome a rank and file delegation of video game developers active in Game Workers Unite at our Convention two years ago in Las Vegas. Since those early meetings we have built out a broad effort - CWA's Campaign to Organize Digital Employees (CODE-CWA). Beginning with SIF funding for two campaign leads, we held a worker convening in Chicago over MLK Day weekend 2020, just before the world changed drastically with the COVID-19 pandemic. During the convening dozens of tech workers from small video game studios and start-ups to platform behemoths like Google began to map their workplaces and lay plans for organizing drives.

In the year and a half since the convening, CWA organizing efforts have gone public at nearly 20 different employers, including the historic founding of the Alphabet Workers Union - CWA Local 1400, a wall-to-wall, coast-to-coast, union of Google workers. Nearly 1,000 Google and Alphabet subsidiary employees, temps, and contractors are now dues-paying CWA members. We have certified multiple media-tech groups of software engineers, web designers, and digital media staffers at NPR and Daily Kos, with other units currently campaigning for recognitions such as the 700 person Times Tech Union at the New York Times. We have organized a half-dozen "progressive tech" or "PROGtech" outfits, a digital/21st century extension of our historic political printing shop units. And we have certified and achieved first contracts even at some tech start-ups like Glitch and EveryAction.

We have also been bold enough to wage organizing campaigns that have fallen short of winning recognition in this first round. Labor law is seriously broken in the U.S.; bosses will break even the rules of a system already rigged in their favor to crush any effort by workers to have a voice on the job. At tech companies such as MapBox and Medium, hack bosses have taken scorched earth approaches to defeating union elections followed by systematic efforts to fire union supporters. CWA has been at the forefront in filing Unfair Labor Practices charges at Google, these tech startups, and even last month at Activision-Blizzard. Tech and game workers know that CWA is their ally in the labor movement to protect their rights. We are leading the fight to win passage of the Protecting the Right to Organize (PRO Act) and Public Service Freedom to Negotiate Acts. Even our setbacks have propelled the movement forward, and dozens of former organizing committee members at shops where organizing did not initially succeed have taken the training and real world experience from these efforts into new workplaces.

Our efforts to organize tech and game workers have resulted in thousands of new CWA members in locals across the country, contributing hundreds of thousands in dues to build the labor movement. We have raised CWA's profile worldwide as a leader among unions organizing tech workers. As finance capital continues efforts to consolidate traditional industries in media, telecommunications, and entertainment with big tech giants, we know the success of building worker power in this ascendant sector of the economy is an existential necessity for CWA. Our locals, our leaders, our organizers,

and increasing numbers of our rank and file members are rising to meet this challenge and build a stronger, smarter, and more powerful union for the economy of the future!

Growth Fund

D3 Organizing United Campus Workers (UCW), Phase 3

In Phase 3 we continued to build out and connect our regional bases in Tennessee, Georgia, and Mississippi and expand the depth and breadth of the local membership and geographic footprint of the new locals in Louisiana, Alabama, Kentucky, and South Carolina. Through this work we continued to enact our broader strategic vision for transforming higher education through the fight for workers' rights.

Despite a global pandemic, and massive member and staff burnout, we have continued to move forward with our organizing. We have recruited 558 members paying per capita dues so far this year across UCW locals in the Southeast. Members have dug into organizing and campaign training that has developed their leadership to take on the challenges ahead. They have participated in national level spaces around higher education funding and reform and built connections and infrastructure across locals.

We have secured campus wins around shop floor issues and broader fair pay campaigns, such as the University of Memphis and the University of Kentucky raising their floor wages for staff to \$15/hour. Workers at other universities have secured bonuses and pay raises to the wage floor as well as some raises to address compression pay. The graduate workers at the University of South Carolina were successful in their first campaign, to get the university to pay health insurance premiums for all graduate workers--which saves those at the lower end of the pay scale up to \$3,000 a year in premium costs.

VII. Conclusion

The DFOC wishes to thank Mary Catucci and Elizabeth Wilks for their assistance in preparing this report and their support in conducting the business of the DFOC throughout the year.

Respectfully Submitted,

The Defense Fund Oversight Committee

Ken McNamara, District 1
James Gardler, District 2-13
Keith Patterson, District 3
Gary Kundrat, District 4
Nancy Brown, District 6
Cecilia Valdez, District 7 – Vice Chair

Monica Alvarado, District 9
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