

**Report of the  
Finance Committee  
to the 78<sup>th</sup> Convention**



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

Dear Sisters and Brothers:

The Finance Committee met in Washington, D.C. on September 21 and 22, 2021, to review the 2020-2021 expenses and to plan for the 2021-2023 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, 2020, 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 present the financial position of the Communications Workers of America, AFL-CIO, CLC as of May 31, 2020.

The Finance Committee carefully reviewed expenses paid out during the 2020-2021 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 time. The committee also noted the paid expenses within those administrative units that were more than 1% over their annual budget allocations. There were none due to the limited travel as a result of the COVID-19 pandemic. We appreciate the commitment of President Shelton and Secretary-Treasurer Steffens and the entire Executive Board to making safety a priority for all of our members.

The Finance Committee suggests a continuance of the 25% 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. The Janus decision continues to be an issue in the public sector. We have suffered even more loss due to the COVID-19 pandemic across all sectors which has led to a 30,000 member loss since 2019. The anticipation is that some of these jobs will not return post COVID-19. Continued efforts to regain and strengthen membership, especially in the public sector, can only help the CWA STRONG and CWA STEWARD STRONG programs.

Furthermore, we urge the vice presidents to continue using the resources available to CWA via the Strategic Industry and Growth Funds. The additional available funds will be used to continue and advocate for various new projects including CWA STRONG, the organizing of new industries, and building bargaining power for upcoming contract fights.

CWA has a long history of making changes during challenging times. These changes include:

- Freezing the CWA legacy pension and replacing it with a new adjustable pension plan
- Cutting all District/Sector and Headquarters operating budgets by 25%
- Implementing a hiring freeze that has led to understaffing with no replacements
- Switching the dues system from our legacy (1980's COBOL based system) to Aptify, which is SQL based
- Forgoing annual wage increases for non-represented CWA staff

- Consolidating office space and increasing rental space at CWA Headquarters
- Rebidding vendor contracts for better financial deals
- AFL-CIO wall-to-wall affiliation for Headquarters and Locals

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

The CWA Executive Board introduced the Support Members and Rebuild Together (SMART) Resolution in early 2020 to the membership as a way to help create a bridge to build CWA back better. The Finance Committee reviewed the final resolution that would allow CWA to hire up to 28 staff representatives and district organizing coordinators across all Districts and Sectors. These positions would be funded out of the 20% of the SIF balance.

Although none of these funds are slated to go directly to the general fund, the anticipation is that the expected benefit is through additional services to members including but not limited to organizing campaigns and first contracts. The relief will be felt throughout the organization at both the Local and National level. As membership increases at the Local level, for example, the Locals' per capita income increases also. Staff representatives assist in contract negotiation, organizing, training, legislative initiatives, effects bargaining, grievance assistance, mobilizing, and any other duties that may be asked of them. When our membership increases, so will our general fund.

The SMART resolution also includes a provision that in an emergency, and with unanimous approval of the Defense Fund Oversight Committee, CWA may spend up to additional 10% of the Strategic Industry Fund balance on General Fund needs. These emergencies would be 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. This immediate relief valve will enable CWA to continue operations.

The Finance Committee strongly recommends the adoption of the SMART resolution.

The Finance Committee also recommends the adoption of the 2021-2023 biennial budgets. The budget shows a revenue loss related to the 30,000 jobs lost since 2019. Headquarters also is anticipating a loss in revenue from building tenants whose leases have expired. Throughout this budget process CWA has stayed close to its priorities including, organizing, communications and maintaining all contractual obligations with the staff.

This is a maximum budget and may need to be reduced by the Executive Board based on unanticipated circumstances such as continued loss of membership and dues caused by outsourcing layoffs and continued attacks on organized labor.

Per our previous report (2020 Biennial report of the Finance Committee) we continue to encourage the Executive Board to pursue any means to stay within their budgets and use any resources available to serve our members. Some of the things to consider would be the Constitutional directive of setting 10% aside for organizing, and seeking the savings that might occur from hiring in-house legal counsel. We also suggest continuing to review office space needed by each district and sector. It is also critical to continue endorsing any legislation that can assist organized labor and the growth of unions. CWA must support the following legislation:

- PRO Act (protecting the right to organize)
- Infrastructure Investment and Jobs Act – part of the Build Back Better Initiative
- Freedom to Vote Act
- Support organizing good green jobs

The 2020-2021 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 2020-2021 budget.

The committee moves to adopt this report.

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  
2021 - 2023**

		<u>2021 - 2022</u>	<u>2022 - 2023</u>
<b>Income</b>			
	Dues - Members and Agency Fee Payers	\$ 74,357,804	\$ 74,357,804
	HQ Building	3,900,000	3,900,000
	Other Income	900,000	900,000
	<b>Total Income</b>	<b>\$ 79,157,804</b>	<b>\$ 79,157,804</b>
<b>Expenses</b>			
	<b><u>National Programs</u></b>		
029	Organizing Fund	3,693,750	3,693,750
030	Community Action	27,500	27,500
031	Legal Admin Unit Litigation & Misc.	499,755	499,755
032	Convention	500,000	300,000
034	Committees, Conf, Human Rights & Board Mtgs	300,000	400,000
038	Taxes	350,000	350,000
039	Affiliation Dues - AFL-CIO & Other	100,000	100,000
040	Contingency	14,763	-
043	Information Systems	525,000	525,000
045	Communications (CWA News & PR)	976,250	976,250
046	Professional Services	570,000	570,000
047	International	-	-
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	50,000	50,000
066	CWANET Training	75,000	75,000
225	Internal Loan Repayment	1,807,156	1,807,156
	<b>Total General Budget</b>	<b>\$ 16,496,674</b>	<b>\$ 16,381,911</b>
	<b><u>Administrative Units</u></b>		
A1	Salaries - Officer & Staff	22,991,875	23,451,713
A2	Salaries - Full Time/Other	8,502,618	8,672,670
A3	Employee Benefits (Non-Pension)	7,876,123	8,033,646
A4	Employee Taxes	2,866,909	2,924,247
A5	Employee Pension	5,040,719	5,141,533
B1	Office Occupancy	5,749,419	5,749,419
B2	Staff Expenses	2,276,507	2,504,410
B3	Administrative Operations	3,665,456	3,665,456
B4	Legal	3,691,504	3,691,504
	<b>Total Administrative Units</b>	<b>\$ 62,661,130</b>	<b>\$ 63,834,598</b>
	<b>Total Budgeted Expenses</b>	<b>\$ 79,157,804</b>	<b>\$ 80,216,509</b>
	<b>Total Income</b>	<b>\$ 79,157,804</b>	<b>\$ 79,157,804</b>
	<b>Surplus/(Deficit)</b>	(0.00)	(1,058,704.76)
	<b>Additional year two savings</b>	0.00	1,058,704.76
	<b>Balanced Budget</b>	(0.00)	(0.00)

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: FT & Other	Salaries: FT & Other	Salaries: 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	3,886,968	614,350	1,125,330	409,620	720,211	6,756,479	1,251,686.44	351,221.25	610,675.63	1,627,306.95	3,840,890	10,597,369.25							
District 2-13	1,404,432	404,305	452,184	164,595	289,398	2,714,914	354,720.77	130,335.00	158,003.21	398,457.34	1,041,516	3,756,430.63							
District 3	1,923,128	568,347	622,869	226,724	398,636	3,739,704	238,030.31	177,300.00	275,981.93	247,884.12	939,196	4,678,900.16							
District 4	1,527,120	390,608	479,432	174,513	306,837	2,878,510	312,228.15	142,076.25	199,714.16	25,112.83	679,131	3,557,641.61							
District 6	1,893,830	447,670	585,375	213,077	374,640	3,514,592	584,148.52	172,653.75	206,259.81	613,915.32	1,576,977	5,091,568.96							
District 7	1,538,313	377,617	478,983	174,350	306,549	2,875,811	149,069.84	132,783.75	151,210.64	231,352.21	664,416	3,540,227.66							
District 9	1,419,808	263,377	420,796	153,170	269,310	2,526,460	527,090.53	121,042.50	221,934.40	185,900.08	1,055,968	3,582,427.86							
IUE-CWA	2,645,001	273,091	729,523	265,546	466,895	4,380,057	46,752.27	273,637.50	181,634.34	80,325.08	582,349	4,962,406.40							
TNG-CWA	930,409	140,106	267,629	97,417	171,282	1,606,842	162,532.50	105,167.25	127,157.93	213,223.70	608,081	2,214,923.66							
NABET-CWA	678,022	120,677	199,675	72,682	127,792	1,198,847	60,612.50	76,188.75	104,535.53	67,032.22	308,369	1,507,216.04							
T&T	559,516	132,986	173,125	63,018	110,800	1,039,445	132,015.00	48,146.25	81,349.61	993.82	262,505	1,301,950.08							
Public Wkrs	322,505	-	80,626	29,348	51,601	484,080	62,855.00	33,157.50	18,713.99	-	114,726	598,806.36							
Total	18,729,053	3,733,133	5,615,547	2,044,059	3,593,950	33,715,742	3,881,742	1,763,710	2,337,171	3,691,504	11,674,126	45,389,868.67							
Headquarters	4,262,822	4,769,485	2,260,577	822,850	1,446,769	13,562,502	1,867,678	512,797	\$1,328,284.32	-	3,708,759	17,271,261							
Grand Total	22,991,875	8,502,618	7,876,123	2,866,909	5,040,719	47,278,244	5,749,419	2,276,507	3,665,456	3,691,504	15,382,885	62,661,129.57							

## **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.