

**2022 Biennial Report of the  
Finance Committee**

**CWA**

**Communications Workers of America**

**May 2-5, 2022**

Dear Sisters and Brothers:

The Finance Committee met in Washington D.C. on May 2-5, 2022, to review the 2021-2022 expenses and update the 2022-2023 CWA operating budgets. Throughout our visit, CWA staff, consultants, and leadership met with us to discuss various information about the operation.

John Marco of the Segal Marco Advisors met with us to explain the strategies used for all investments. These discussions provided a clearer understanding of the philosophy and decision-making used for CWA's various investment funds.

Beth Yeckley, the membership finance supervisor, met and discussed the function and achievements of the team at H.Q. The Finance team provides complete services for the membership and all financial reporting to outside entities as well as all locals.

Tom Smith, Senior Director of Organizing, explained to the Committee the focus of organizing and the campaigns that CWA has recently won and is engaged in and winning on behalf of the labor movement.

Finally, Kristi Bedoise-Sharpe, the building Real Property Administrator, took us on an extensive tour of the Headquarters in D.C. Not only did we tour CWA used space, but we were also able to look at creative designs and usage of current tenants.

All supporting documents requested were made available to us for review, including the Consolidated Financial Statements for the period ending May 31, 2021, prepared by the Certified Public Accounting firm, Calibre CPA Group, PLLC. Calibre conducted the audit following 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, and CLC as of May 31, 2021.

The Finance Committee carefully reviewed expenses paid out during the 2021-2022 fiscal year. We want to acknowledge the efforts of the districts, sectors, and divisions that stayed within their administrative budgets during this time. We reviewed the numbers through March 2022, and the Districts and Sectors are on pace to finish the fiscal year under budget. 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 due to the COVID-19 pandemic. We appreciate the commitment of President Shelton and Secretary-Treasurer Steffens, and the entire Executive Board for making safety a priority for all of our members.

The Finance Committee's recommendations, provided to the 78th virtual convention in October 2021, have been addressed thus far.

With the passage of the Support Members and Rebuild Together (SMART) Resolution, CWA has successfully hired 11 staff representatives and district organizing coordinators. There are ten more jobs in various stages of being hired. The first SMART hire was in November of 2021, just a few days after the proposal passed in October. The remaining seven positions should be in process by the end of the calendar year.

The Finance Committee recommends to the Executive Board that they consider a way within the current budget to provide a raise for the non-represented employees who have historically given up raises the represented staff have received. Each time a raise is missed, the gap between represented and non-represented gets smaller; this affects morale and the ability to retain qualified staff.

CWA has begun discussions on backfilling specific general fund jobs that have either been vacated by retirement or separation. There was anticipation that locals would have increases in membership, which has not occurred due to extended COVID-19 waves. All of the districts and sectors stayed under budget. Since the pandemic's beginning, our membership numbers have decreased by 32,346. The leadership took proactive steps in reducing the earlier budgets, putting CWA in a better financial position to withstand this sustained drop in membership.

We recommended the passage of the 2021-2023 biennial budgets during the convention. The budget is maximum and may need to change due to various circumstances. Secretary-Treasurer Steffens reduced the budget by \$500K due to the anticipated tenants vacating the building on the lower CWA floors. CWA is actively seeking new tenants to occupy the floors.

In the 2021 Convention report, the Committee had many recommendations that we suggest the Board continues to work through. In the last six months, there have been office closures. In addition, a few Districts are looking into bringing legal support on as CWA internal legal counsel. We want to encourage the Executive Board to pursue any cost-cutting measures open to them throughout the following year.

We want to thank President Shelton for his continued support of bringing good union jobs to CWA through his communication with the Biden Administration and other elected leaders on good green jobs, the Freedom to Vote Act, and the initiative formerly known as Build Back Better. With the passing of the Infrastructure Investment and Jobs Act (IIJA), CWA is at the cusp of being part of one of the most significant and most inclusive investments ever into an industry CWA represents. Having one of the most labor-friendly

Administrations in our lifetime, our leadership has taken full advantage of moving legislation and policies that benefit working people.

We encourage the leadership of CWA to continue keeping the health and welfare of our members and employees at the forefront of their decision-making process. Although we have lived with COVID-19 for over two years, the pandemic is not over. When possible, leadership should encourage work from home, hybrid schedules, Zoom meetings, and limiting large gatherings in closed spaces. We acknowledge that as a Union, togetherness is a crucial element of our mobilization and organizing. Still, keeping safety a priority should not be overlooked.

CWA continues to review all finances to determine proper billing and direction of funds to meet the needs of our members to organize and grow the union. A recent example is an assessment of shared services between CWA and AFA-CWA. We were able to work together to determine proper accounting for services utilized by AFA-CWA, which is now included in the AFA-CWA budgeting process this year forward. The change will provide relief to the CWA general fund budget, potentially allowing funding for additional staffing. CWA and AFA-CWA will review these expenditures annually in conjunction with the AFA-CWA budgeting process.

In 2015 CWA established a loan out of the Strategic Industry Fund to ease the tax liability CWA incurred due to unrelated business income. CWA could use the loan, viewed as an investment strategy governed by the fiduciaries, at its discretion along with the consent of the DFOC. The agreement was that CWA would pay interest-only payments until December 2021. The loan's expiration date of December 31, 2021, has passed. Leadership and the DFOC are in a discussion concerning the next steps.

The 2021-2022 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 2021-2023 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  
2021 - 2023**

			APPROVED <u>2021 - 2022</u>	APPROVED <u>2020-2021</u>
		<u>2022 - 2023</u>		
<b>Income</b>				
	Dues - Members and Agency Fee Payers	\$ 74,357,804	\$ 74,357,804	\$ 79,157,804
	HQ Building	3,400,000	3,900,000	4,500,000
	Other Income	900,000	900,000	900,000
	<b>Total Income</b>	<b>\$ 78,657,804</b>	<b>\$ 79,157,804</b>	<b>\$ 84,557,804</b>
<b>Expenses</b>				
<b>National Programs</b>				
029	Organizing Fund	3,693,750	3,693,750	3,693,750
030	Community Action	27,500	27,500	112,500
031	Legal Admin Unit Litigation & Misc.	499,755	499,755	499,755
032	Convention	300,000	500,000	300,000
034	Committees, Conf, Human Rights & Board Mtgs	400,000	300,000	400,000
038	Taxes	350,000	350,000	400,000
039	Affiliation Dues - AFL-CIO & Other	100,000	100,000	350,000
040	Contingency	1,485,800	16,000	529,050
043	Information Systems	525,000	525,000	525,000
045	Communications (CWA News & PR)	735,747	735,747	1,226,250
046	Professional Services	570,000	570,000	570,000
047	International	-	-	22,500
048	Education	127,500	127,500	127,500
061	Retiree Benefits (Health Care, Insurance)	6,000,000	6,000,000	6,000,000
161	Insurance - Other (Workers Comp., etc)	880,000	880,000	880,000
064	Staff Moves	50,000	50,000	150,000
066	CWANET Training	75,000	75,000	75,000
225	Internal Loan Repayment	1,212,000	1,807,156	1,807,156
	<b>Total General Budget</b>	<b>\$ 17,032,053</b>	<b>\$ 16,257,409</b>	<b>\$ 17,668,461</b>
<b>Administrative Units</b>				
A1	Salaries - Officer & Staff	22,480,202	23,088,827	24,438,970
A2	Salaries - Full Time/Other	8,393,811	8,525,795	9,389,065
A3	Employee Benefits (Non-Pension)	7,608,503	7,906,156	8,459,509
A4	Employee Taxes	2,769,495	2,877,841	3,079,261
A5	Employee Pension	4,869,442	5,059,940	5,752,466
B1	Office Occupancy	5,796,629	5,796,629	5,701,290
B2	Staff Expenses	2,350,711	2,288,248	2,711,822
B3	Administrative Operations	3,665,456	3,665,456	3,665,456
B4	Legal	3,691,504	3,691,504	3,691,504
	<b>Total Administrative Units</b>	<b>\$ 61,625,751</b>	<b>\$ 62,900,395</b>	<b>\$ 66,889,343</b>
	<b>Total Budgeted Expenses</b>	<b>\$ 78,657,804</b>	<b>\$ 79,157,804</b>	<b>\$ 84,557,804</b>
	<b>Total Income</b>	<b>\$ 78,657,804</b>	<b>\$ 79,157,804</b>	<b>\$ 84,557,804</b>
	<b>Surplus/(Deficit)</b>	0.00	0.00	0.00

Administrative Units Budget												
2022 - 2023												
	A-1	A-2	A-3	A-4	A-5	B-1	B-2	B-3	B-4			
District & National Units	Salaries: O&S	Salaries: Other	Fr & 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	3,602,080	626,637	1,057,179	384,813	676,595	6,347,305	1,251,686.44	348,360.00	610,675.63	1,627,306.95	3,838,029	10,185,333.92
District 2-13	1,190,769	340,098	382,717	139,309	244,939	2,297,832	354,720.77	118,755.00	158,003.21	398,457.34	1,029,936	3,327,768.27
District 3	1,840,715	456,623	574,335	209,058	367,574	3,448,304	285,240.31	183,855.00	275,981.93	247,884.12	992,961	4,441,265.82
District 4	1,557,662	398,420	489,021	178,004	312,973	2,936,080	312,228.15	157,815.00	199,714.16	251,12.83	694,870	3,630,950.54
District 6	1,810,831	456,623	566,864	206,338	362,793	3,403,449	584,148.52	177,930.00	206,259.81	613,915.32	1,582,254	4,985,702.49
District 7	1,569,080	395,078	491,039	178,738	314,265	2,948,200	149,069.84	145,965.00	151,210.64	231,352.21	677,598	3,625,798.02
District 9	1,432,520	268,645	425,291	154,806	272,186	2,553,449	527,090.53	132,945.00	221,934.40	185,900.08	1,067,870	3,621,318.76
PPMWS-CWA	-	-	-	-	-	-	-	-	-	(0.00)	(0)	(0.00)
IUE-CWA	2,506,260	278,553	696,203	253,418	445,570	4,180,005	46,752.27	296,805.00	181,634.34	80,325.08	605,517	4,785,521.82
TNG-CWA	828,141	71,454	224,899	81,863	143,935	1,350,292	162,532.50	105,683.00	127,157.93	213,223.70	608,597	1,958,889.39
MABET-CWA	691,582	123,091	203,668	74,135	130,348	1,222,824	60,612.50	89,410.00	104,535.53	67,032.22	320,590	1,543,414.22
T&T	449,831	135,645	146,369	53,278	93,676	878,800	132,015.00	40,635.00	81,349.61	993.82	254,993	1,133,793.19
Public Wkrs	328,955	-	82,239	29,935	52,633	493,761	62,855.00	38,940.00	18,713.99	-	120,509	614,270.44
Total	17,808,428	3,550,867	5,339,824	1,943,696	3,417,487	32,060,302	3,928,952	1,836,098	2,337,171	3,691,504	11,793,725	43,854,026.89
Headquarters	4,221,774	4,842,943	2,268,679	825,799	1,451,955	13,611,150	1,867,678	514,613	1,328,284	-	3,710,574	17,321,724
Grand Total	22,030,202	8,393,811	7,608,503	2,769,495	4,869,442	45,671,452	5,796,629	2,350,711	3,665,456	3,691,504	15,504,299	61,173,751.33

## **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, Salsa email, advocacy, Mobile Commons text messaging, 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	\$222,970
SECRETARY-TREASURER DISTRICT VICE PRESIDENTS, TNG-CWA VICE PRESIDENT, NABET-CWA VICE PRESIDENT, IUE-CWA VICE PRESIDENT, T&T VICE PRESIDENT AND PUBLIC WORKERS VICE PRESIDENT	\$199,655
AFA-CWA VICE PRESIDENT	\$174,113
	\$166,147

**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.