

Report of the Defense Fund Oversight Committee to the Biennial Presidents Meeting

**Communications Workers of America
Washington DC
June 13, 2022**

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Defense Fund Oversight Committee
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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.

DFOC met April 25-27, 2022 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 April 26, 2022, John Marco from the Segal-Marco Consulting Group (SMCG) met with us 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 2021 investment returns were \$24,600,000 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.

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 February 28, 2022, are:

LOCAL	BALANCE @ 2/28/2022	LOAN AMOUNT
1038	\$144,736.00	\$212,000.00
1133	182,767.91	997,986.67
2108	289,575.10	698,000.00
3105	30,677.13	35,000.00
3112	16,100.29	25,000.00
3412	10,755.97	15,200.00
3706	196,000.00	196,000.00
4100	183,911.87	334,000.00
4340	544,749.93	722,578.39
7704	35,173.73	66,026.03
7803	46,696.92	190,000.00
9003	258,026.05	303,246.24
9415	146,910.88	200,000.00
9509	392,275.68	850,000.00
9510	220,652.64	250,000.00
9586	568,524.78	600,000.00
9588	165,004.30	200,000.00
81455	259,625.39	260,000.00
83770	184,706.17	210,000.00
Total	\$3,876,870.74	\$6,365,037.33

Expenditures — August 1, 2021 – February 28, 2022

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:

Catholic Health (Mercy) – Local 1133	\$3,441,650.00
Stephens Media Group – Local 51024	\$17,600.00

The balance of the RLMRF as of February 28, 2022, was \$432,240,943

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 85 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 February 28, 2022:

Total Income, since inception September 2006	\$379,865,037
Total Expenses, since inception September 2006	\$271,332,808
Allocated SIF Balance	\$28,681,042
Allocated SMART Balance	\$22,454,155
Unallocated SIF Balance	\$57,397,032

The balance of the Strategic Industry Fund as of February 28, 2022, was \$114,331,305.

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 22 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 February 28, 2022:

Total Income	\$129,853,434
Total Allocated	\$89,284,077
Total Unallocated	\$40,569,357

The balance of the Growth Fund as of February 28, 2022, was \$53,900,215.

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 the SMART proposal to hire 28 staff using the members' dues and investment income to serve us at the front lines in contract negotiations, administering contracts and organizing to achieve our goals.

The funding of the 28 positions requires 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.

As of March 22, 11 such positions have been filled and we are in the process of screening and hiring until we reach a total of 28.

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.

OUR MISSION

The DFOC was created to oversee the Robert Lilja Members' Relief Fund (RLMRF), and later assumed oversight responsibility for the Strategic Industry Fund (SIF), and the Growth Fund (GF). 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. This led to the establishment of the SIF to fund strategic organizing, membership mobilization and political leverage to achieve good results at the bargaining table without striking, and 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 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.

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 Updates

As part of its role overseeing the Growth and/or Strategic Industry Fund grants, our Committee reviews the periodic and final reports that are required for each project or campaign. This process helps us to ensure, as best we can, that our Union's money is spent wisely. Many of the projects are great successes, and help us win better contracts, defeat vicious anti-union campaigns, organize new members, or achieve justice. Sadly, sometimes we fail. However, it is important that we learn from these failures. Therefore, the DFOC believes that it is vital that CWA establish a more formalized system for determining which methods are most successful in achieving the goals set forth in each type of project, and then utilize these Best Practices to the maximum extent possible in the future. Given the large and continually growing list of SIF and Growth projects, this Committee will be consulting with our Union's leadership to set up an effective methodology to help us win going forward.

AT&T Mobility

AT&T Mobility members hope to win a new contract within one year. They also hope to continue to work closely with the Unity@ Mobility team to continue to build a structure in the changing Mobility group to build power, especially in this COVID crisis. The first 6 months, they will identify and train 600 mobilizers using Zoom. They will also hustle all members to identify issues and activists. They will also build out a database with up-to-date contact information, and will build up their social media presence with a group of 15 trained rank-and-file workers. The aim here is to sustain an average weekly Facebook Page Reach of 20,000 users after 3 months. They will also create an escalation plan in the first 6 months, with input and buy-in from district leadership and the rank and file mobilizers. In the second 6 months, they will begin an escalation plan, starting out slowly, with measurable metrics to test our reach and results. As bargaining heats up, they will do 6 US-wide actions (in the Orange footprint) which will build power and increase pressure on Mobility to settle a fair contract. They will plan to escalate up to and including a strike, if necessary. Based on this timeline, they will not begin paying most lost-time wages until 4 months into the program, which will give time to identify leaders.

Modernizing Communications, Maintaining Year Round Mobilization And Community Outreach

During 2018 – 2019 contract negotiations, District 4 realized that year round mobilization must be done to hold companies accountable, ramping up mobilization only at contract time is no longer a sustainable or realistic model.

To add to the urgency, in this COVID pandemic reality we find ourselves in, we must expand and create new ways to reach members where they are and where they get most of their information.

We plan to hold all companies accountable on any downsizing, outsourcing, failure to meet service standards, any attacks on workers at all times, not just contract time. Year round contract mobilization will become the standard. During the 2018- 2019 negotiations at AT&T Midwest we found several activities that hit a nerve with the company. The company didn't like our tracking and recording poor plant conditions, or highlighting layoffs, outsourcing and poor service at public events with mobile billboards. These types of activities must continue year round to let any company know surpluses, outsourcing and bad management is unacceptable anytime.

The goal is to put a program in place where selected retirees from locals can take pictures of poor plant conditions real time and upload and link these pictures to a website that could be forwarded to a State's PUC and forwarded to the company. We believe using retirees absolves us of any COBC conflicts that limit what an active employee can do. We believe the companies we represent will be far less likely to

surplus employees if their feet are held to the fire publicly on plant and service conditions year round.

We intend to keep together our D4 Mobilization team and meet as needed to facilitate our year round mobilization program.

In the project we will increase and expand our communications with the membership by broadening our use of Facebook, Twitter and the District Website. These communication tools are what the majority of our members prefer and look at daily. The idea would be to use the expertise we have within the ranks of CWA D4 officers and activists to create our own D4 Comms team to maintain and grow our Facebook, Twitter and Website presence. We would use selected officers and activists to get off the job, a few days each month and work at the direction of the D4 LP Director. We will work with CWA National Communications Director to help select the team and also offer training if necessary to those we select for this D4 Comms team.

As part of our overall communications expansion, we will look for all radio, television, and online opportunities for CWA to sponsor pro labor programs and shows. Currently D4 sponsors Labor Vision Podcast and America's Workforce Radio. Our yearly sponsorship has allowed us the opportunity to share our voice monthly on scores of labor issues. In the past, D4 LP Director Frank Mathews, CWA National LP Director Shane Larson, and CWA past President Larry Cohen have taken the opportunity to use monthly shows to discuss CWA concerns and CWA programs.

Our idea is to set a budget for the District, to sponsor and increase the CWA name brand on whatever worthwhile pro labor media we choose.

Once the membership and community are educated, enlightened and fired up by our increased communications, public profile and reputation we would love to have a Local CWA leader/ activist on the ground in each state to be a PAF Campaign Leader. This person would more than likely have an established relationship with Local officers and thus hit ground running to help Locals organize PAF Drives and increase PAF contributions. CWA National leaders have increased each State's PAF goals to 3%. Adding a PAF Campaign Leader in each state that doesn't already have a CWA Campaign Lead already in place makes sense. PAF Campaign Leaders would be allowed under the program 5 days per month to work as facilitators to help Locals with PAF drives. This will help boost Locals' PAF numbers.

The CWA Cares Community Outreach Program is our vision to plug in CWA Locals and members at the community level, across all 5 states, to volunteer and help those less fortunate be it food Banks, shelters, food kitchens or any other avenue we can highlight. CWA Cares will put a community ally face on CWA and Labor in particular.

Unity@Mobility

2021 was the seventh calendar year of the Unity@Mobility project (the 5th budget year due to extensions). The goals still focus on engaging Locals and building a CWA Strong Union culture at ATT Mobility. The last report described the difficulty of operating virtually during 2020 and faced the same hurdles for the six month time period update

covered by this report. The project pivoted to on-line Unity@Mobility training, and it is quickly becoming popular with Mobility Locals. The timing of moving to virtual training lined up with AT&T Mobility hiring large numbers of permanent Work From Home customer service reps, and the classroom activity is picking up since it is easy to fill virtual classes since the geography is no longer an issue.

The signing up of new members has improved but due to the turnover in employees at Mobility it is a constant battle to keep up. The COVID-19 protocols put into place have hindered ability to reach and maintain the goal of 85% membership overall. At the end of the 18 month period, membership was 80% overall. Now, at the end of the 24 month period in August of 2021, it remains at 80% membership overall.

Use of the electronic membership card is picking up and the logistics issues with processing the cards are being worked out. This should help improve on the density goal, although the employee churn at AT&T Mobility is the highest it has ever been.

Brick and mortar call centers will possibly be working from home through the end of 2022, so the virtual training classes are the only way to tap into the Call Center members to find activists and stewards.

Internal Organizing Database

The Internal Organizing Database was needed to help meet the CWA Strong objective of leveraging data to engage and increase membership and help achieve its goals. Along with increasing union density, the Internal Organizing Database project helps track COPE contributions.

The project transitioned one database, CenturyLink, into ActionBuilder. This is a challenging and detailed process, but could have huge cost savings and a better user experience for organizers. The more information we are able to consistently track, the more will know about our current membership and growth trajectory. Especially as organizing strategy encounters unprecedented challenges with no time or resources to waste, it is more important than ever to invest in data work. Accurate organizing data helps decisions made at every level, from quality new member conversations to high level planning and strategy.

This project achieved the following:

- Created new analytical reports, specifically working with the new Civis platform and data warehouse. Then leveraged new Civis data warehouse to coalesce data for processing and reporting.

- Improved workflow of worker data between departments and improved quality of employment, membership, and progress reporting with new data dashboards and custom reports, working in partnership with Research, Legal, and Communications.

We continue to leverage new and existing tools to make new members sign-ups easier and built out a comprehensive AT&T membership, dues, and e-card program with over

2100 new sign-ups since launching in April 2021, which required working intensively on training with national, district, and local staff.

The project improved documentation and training materials, specifically targeted to users who consider themselves less tech-savvy. Two ten-page guides were written specifically tailored to the campaigns in both Broadstripes and ActionBuilder. Additionally, a comprehensive step-by-step guide was created for using the AT&T e-card.

Since implementing membership card tracking in Broadstripes on November 1, 2020 the project has generated 1411 cards signed at AT&T Mobility and 676 cards signed at AT&T Wireline. We also created two new membership/dues cards and 13 new union authorization cards. We developed numerous custom web scrapes to obtain employee lists for organizing. We also maintained and developed team code repositories.

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
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Nancy Brown, District 6
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