

**Report of the
Finance Committee
to the 79th Convention**

CWA

Communications Workers of America

July 10 – 12, 2023

Dear Sisters and Brothers:

The Finance Committee met in Washington, D.C., on May 16-18, 2023, to review the 2021-2023 expenses and the 2023-2025 CWA operating budgets. Throughout our visit, CWA staff and leadership met with us to discuss various information about the operation.

All supporting documents requested were available for review, including the Consolidated Financial Statements. The report was for May 31, 2022, and 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 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, 2022.

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 2023, and the districts and sectors are ready to finish the fiscal year under budget. The Committee also noted the paid expenses within these administrative units, which were more than 1% over their annual budget allocations. There were two district/sector vice presidents that we received communication from regarding their overages. The reasoning behind these overages included excessive legal fees that needed to be more anticipated. The sector overage has two fundamental reasons, extensive protracted bargaining in expensive cities. In addition, there are standing committees that are not part of the general fund budget.

The Finance Committee's recommendations to the 2022 President's meeting were addressed as follows:

1. We advocated for continued progress on hiring staff representatives and district organizing coordinators in accordance with the Support Members and Rebuild Together (SMART) Resolution. Twenty-eight SMART positions have been hired as of our May meeting.
2. We encouraged the Executive Board to find the funding to provide for the missing wage increases for the non-represented staff. CWA made this payment in the October 2022 pay cycle.
3. We advised that the 2021-2023 budgets, as passed by convention delegates, should be considered maximus and may need to change due to unforeseen circumstances. CWA could finish 14.28% and 4.09% under budget for the 2021-2023 cycle.

The 2023-2024 and 2024-2025 budget includes several changes and successes.

1. This budget includes 27 approved and funded positions; these have either been on hold or were recently made vacant by retirements. These positions include staff representatives and clerical and organizing staff. These positions will be brought on

board by the end of the 2024-2025 fiscal year. These hiring's will bring staffing levels up to near pre-COVID levels.

2. Despite a loss in rental income due to the Department of Justice vacating the bottom floors at CWA, National Program budgets remain nearly flat. Organizing continues to hold to the constitutionally mandated budget allocations.
3. Despite challenges with maintaining membership numbers and average per caps, dues income is expected to remain at current levels. Based on the units we have organized since the Committee's last report, we are on track to add 10,500 new members to recently organized units. Achieving this growth will require the national Union and several locals to conclude the first contract bargaining at 98+ tables covering 8,000 of these new members. Many new members at first contract tables are in larger units (more than 5,000 of these workers are in units of at least 100), but the issues inherent with bargaining contracts for small units are real challenges.

Additionally, more than 4,000 workers have joined CWA locals built around direct-join models. Some of those successes are our members across Google and other Alphabet companies, our university campuses organizing with CWA's United Campus Workers locals, and among public sector workers in states where public sector collective bargaining violates the law.

Our most significant opportunities for large-scale organizational growth come from our strategic organizing campaigns. IUE has organized 350 workers at New Flyer over the last year with a neutrality/voluntary recognition agreement and is currently organizing a facility with more than 800 additional workers. Through our CODE-CWA efforts to organize video games and tech workers, we stand ready to win union recognition for nearly 10,000 Activision-Blizzard-King employees in the U.S. if Microsoft's proposed acquisition can clear regulatory hurdles. In call centers, we are attempting to win a path to unionization for 12,000 Maximus workers who take Health and Human Services calls for Medicare and the Affordable Care Act. Beginning in September, we will negotiate a national neutrality agreement for all union-eligible employees among Teleperformance's 33,000 member U.S. workforce. At Delta Airlines, AFA-CWA is leading a national recognition campaign for 26,000 Delta flight attendants in partnership with the Machinists and Teamsters who are organizing other workgroups at the company.

4. From the agreement made with AFA-CWA, we increased other income by \$1M due to shared services in the CWA budget.
5. The budgeting process took time to balance in these challenging times. The 2023-2024 budget is balanced with an \$800 contingency available for unexpected projects. The 2024-2025 budget shows a cumulative deficit of \$1.1M. The anticipated shortcoming can be made up in many ways, not including the abovementioned new members, settled contracts, and raises. As previously stated, all 27 new hires will be funded by CWA over the next two years. There is

anticipation that these jobs will be filled gradually and that reserved income will be set aside to cover the shortage.

CWA is currently in dialogue with the General Service Administration (GSA) to lease several floors within the current CWA building's footprint. When this lease comes to fruition, it has the potential to be worth \$125M over 20 years, leading to \$6M plus per year over the life of the lease. There is also a potential for more revenue based on additional occupancy needs.

The Committee analyzed the Members Relief Fund, Strategic Industry Fund, and Growth Fund balances, and the Committee discussed them at length. We want to acknowledge the benefit that these separate funds have provided as a resource to our Union. Over the years, many discussions have been about using the funds and the projects approved by the Executive Board.

The SMART proposal is an excellent example of utilizing the SIF and Growth funds to help benefit all our members.

Another great example of utilizing SIF and Growth funds, which personally affected one of the Finance Committee members, is Michigan's recent repeal of right-to-work laws. Members in Michigan fought tirelessly to help pass SB34. This historic legislative change could not have happened without both the financial assistance of the Growth project and our Sisters and Brothers' hard work to gain this win for the state of Michigan.

Recent anti-union legislation (SB256/HB1445) passed in Florida is a direct attack on teachers and other public workers. In short, it stops automatic dues deduction for Florida teachers and other public sector workers; but expressly excludes firefighters, law enforcement, and correction officers from the new law. The law also calls for a 60% union membership per unit to retain certification instead of the old 50% density. There is potential for this type of anti-union legislation to spread across the nation. Notably, it is more likely to impact the states with a Republican governor and Republican-controlled state houses and senates.

The Finance Committee recommends that delegates continue looking at opportunities to help combat anti-union legislation sweeping the nation. Thankfully, we have had the forward thinking to organize ahead of anti-union legislation in Florida and across the country. The Secretary-Treasurer's office commissioned a manual dues collection system that locals can use quickly by any local that needs to collect dues via ACH or payment cards.

Artificial Intelligence has been on the rise and has become a significant threat to jobs in our country. According to a recent study by the World Economic Forum, by 2025, A.I. is expected to automate 75 million jobs globally. The Finance Committee recommends that CWA aggressively develops a plan, create a committee, and research ways to sustain not only our jobs but also a way to grow our membership through the transition to the next generation of A.I. One of the ways this can be achieved is through future Growth and SIF projects which ultimately secure a more stable and financial CWA.

The Finance Committee would like to thank the Executive Board and Secretary-Treasurer Steffens and her staff for continually looking at current and future Growth and SIF projects with the understanding that these programs are crucial to our survival as CWA.

The Finance committee recommends the following:

- The Finance committee should meet quarterly to review expenditures, paying particular attention to V.P.s with historical overages.
- The DFOC and Finance committees should have an overlapping meeting to have open dialogue to ensure a clear understanding and direction on behalf of the hard-working CWA members and the finances of our Union.
- We encourage the Union to use every resource available to expand and work not only for our members but for every person to have a union.
- V.P.s should take advantage of additional resources and ask for additional funds, as previously suggested when bargaining is longer than expected.

Our members have been impacted during these challenging global economic times, and our budgets and funds have been equally affected. We have carefully reviewed the last fiscal year's funds, accounts, and investment strategies and can confidently support that the management and expectation of these funds have been achieved. The Finance Committee appreciates all District V.P.s diligence in staying within budget.

The 2022-2023 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 2023-2025 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

Administrative Units Budget

2022 - 2023

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: Officers & Staff	Salaries: FT & Other	Emp Benefits: 25%	Emp Taxes: 9.1%	Emp. Pension: 8.5%	Total Personnel Expenses	Office Occupancy	Staff Expenses	Administrative Operations	Legal	Total Office Admin. Expenses								
District 1	3,446,146	543,579	997,431	363,065	339,127	5,689,348	1,100,972	315,225	610,676	1,627,307	3,654,179	9,343,528							
District 2-13	1,266,261	363,959	407,555	148,350	138,569	2,324,694	304,716	118,755	158,003	398,457	979,931	3,304,625							
District 3	1,703,029	483,444	546,618	198,969	185,850	3,117,911	152,815	157,815	275,982	247,884	834,496	3,952,407							
District 4	1,703,029	338,737	510,442	185,801	173,550	2,911,560	294,410	157,815	199,714	25,113	677,052	3,588,611							
District 6	1,413,232	483,444	474,169	172,598	161,218	2,704,661	560,901	125,850	206,260	613,915	1,506,926	4,211,587							
District 7	1,540,775	353,531	473,576	172,382	161,016	2,701,280	102,602	132,945	151,211	231,352	618,110	3,319,390							
District 9	1,011,177	205,298	304,119	110,699	103,400	1,734,694	588,827	86,790	221,934	185,900	1,083,451	2,818,146							
IUE-CWA	2,562,468	374,387	734,214	267,254	249,633	4,187,956	48,422	281,460	181,634	80,325	591,842	4,779,798							
TNG-CWA	756,092	75,385	207,869	75,664	70,676	1,185,687	162,533	89,588	127,158	213,224	592,502	1,778,189							
MABET-CWA	573,763	133,439	176,800	64,355	60,112	1,008,470	60,613	69,465	104,536	67,032	301,645	1,310,115							
T&T	609,121	144,707	188,457	68,598	64,075	1,074,959	132,015	52,376	81,350	994	266,735	1,341,694							
Public Wkrs	354,038	-	88,509	32,217	30,093	504,858	62,855	38,940	18,714	-	120,509	625,367							
Total	16,939,133	3,499,911	5,109,761	1,859,953	1,737,319	29,146,077	3,571,680	1,627,024	2,337,171	3,691,504	11,227,379	40,373,456							
Vacancies	2,450,341	1,374,294	956,159	348,042	325,094	5,453,929	-	239,933	-	-	239,933	5,693,862							
Headquarters	4,726,419	4,741,920	2,369,585	862,529	805,659	13,506,112	129,301	534,668	1,328,204	-	1,992,253	15,498,364							
Grand Total	24,115,893	9,616,125	8,435,505	3,070,524	2,868,072	48,106,118	3,700,981	2,401,624	3,665,456	3,691,504	13,459,564	55,871,821							

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:

POSITION	SALARY
PRESIDENT	\$244,771
SECRETARY-TREASURER	\$219,176
DISTRICT VICE PRESIDENTS, TNG-CWA VICE PRESIDENT, NABET-CWA VICE PRESIDENT, IUE-CWA VICE PRESIDENT, T&T VICE PRESIDENT AND PUBLIC WORKERS VICE PRESIDENT	\$191,137
AFA-CWA VICE PRESIDENT	\$175,798

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.

**Fiscal Year Dues Income and Expense Report
June 1, 2021 - May 31, 2022**

	<u>District 1</u>	<u>District 213</u>	<u>District 3</u>	<u>District 4</u>	<u>District 6</u>	<u>District 7</u>	<u>District 9</u>	<u>NABET/TNG</u>	<u>IUE</u>	<u>National Units & HQ</u>	<u>AFA*</u>	<u>TOTAL</u>
Dues Payers	90,079	20,357	41,074	17,141	31,869	15,194	33,194	28,950	37,879	-	41,112	356,849
Dues Income	\$ 26,048,735	\$ 5,564,970	\$ 8,669,821	\$ 4,436,194	\$ 6,530,667	\$ 3,362,482	\$ 13,281,976	\$ 4,892,787	\$ 8,421,407	-	\$ 21,624,473	\$ 102,833,512
Other Income										\$ 4,409,282	\$ 129,529	\$ 4,538,811

	<u>District 1</u>	<u>District 213</u>	<u>District 3</u>	<u>District 4</u>	<u>District 6</u>	<u>District 7</u>	<u>District 9</u>	<u>NABET/TNG</u>	<u>IUE</u>	<u>National Units & HQ</u>	<u>AFA*</u>	<u>TOTAL</u>
Expenses	\$ 9,720,952	\$ 3,503,224	\$ 4,555,775	\$ 3,422,892	\$ 4,924,096	\$ 3,569,512	\$ 3,644,251	\$ 3,488,833	\$ 4,750,135	\$ 34,339,914	\$ 19,191,684	\$ 95,111,268

* AFA's income and expenses are excluded from the International's budget but they are included in the Consolidated Financial Statements