

**Report of the
2024 Finance Committee**

CWA

Communications Workers of America

June 24, 2024

Dear Sisters and Brothers:

The Finance Committee met in Washington D.C. on April 22-24, 2024, to review the 2023-2024 expenses and update the 2024-2025 CWA operating budget. 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 on April 22, 2024, to explain the strategies used for all investments. These discussions provided a clearer understanding of the investment strategies and decision-making used for CWA's various investment funds including the Members' Relief Fund.

On April 22, 2024, Beth Yeckley, Director of Finance and Membership, met and discussed the expenses and budgets for Districts, Divisions, Sectors, and Headquarters. The Finance and Membership department 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.

Secretary-Treasurer Ameenah Salaam and Beth Yeckley took us on an extensive tour of the Headquarters in D.C. We discussed consolidation of square footage occupied by CWA to free up additional square footage for potential leases that will provide additional future income for CWA.

On April 23, 2024, we met with the DFOC Committee and discussed the scope of work and responsibility of each committee. The two committees addressed and discussed concerns with one another on how we can move jointly in areas of common interest to best represent our members.

At the Convention of 2023, the Finance Committee recommended that CWA continue with the creation of the "Committee on AI (Artificial Intelligence)". On April 24, 2024, the committee met with Nell Geiser, Director of Research who advised us that their committee has been creating reports outlining principles and recommendations to the Executive Board. Guidance was given to the Executive Board on future bargaining and public policy principles.

Finally, we met with AFA-CWA Secretary-Treasurer Dante Harris, to review the shared expenditures between CWA and AFA-CWA.

All supporting documents requested were made available to us for review, including the Consolidated Financial Statements for the period ending May 31, 2023, 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, 2023.

The Finance Committee carefully reviewed expenses paid out during the 2023-2024 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 April 30, 2024, and the Districts, Sectors, Divisions, and Headquarters are on pace to finish the fiscal year under budget.

The Finance Committee's recommendations, provided to the 79th Convention in July 2023, have been addressed thus far.

As a result of our recommendations at the 79th Convention, the Finance Committee is now meeting quarterly. It has proven to be beneficial in reviewing budget expenses so our committee can suggest appropriate recommendations to the Vice Presidents to stay within their overall budget as well as expenses allocated within their budget.

Under the leadership of President Claude Cummings, Secretary-Treasurer Ameenah Salaam, Tom Smith, Senior Director of Organizing, and the District Vice Presidents the Finance Committee is excited to announce the 2023 Convention Gains Report.

This report details all the challenging work done by Headquarters, Districts/Sectors, Committees, and Locals. Since the convention of July 2023, CWA has now organized an additional 5,567 new members. Now the demanding work begins to secure first contracts.

In July of 2023, SB256 sadly passed the Florida legislation and was signed into law by the anti-union Governor of Florida. This law greatly affects CWA, District 3, Locals, and the members. SB256 takes away payroll deduction and requires all bargaining units to certify with a CPA every year on their PERC registration date that they have 60% of members paying dues or they will be decertified or have to run a recertification election. The Secretary-Treasurer's office is actively working with District 3 to ensure they have all financial documents needed from the National Union to ensure a smooth certification process. In May 2023, CWA had 2,633 dues-paying members across all 7 locals in Florida. As of April 2024, we have 2,374 members which is a loss of almost 300 members.

The CWA Executive Board has approved an Advisory Committee on AI for a two-year term which will support CWA sectors in bargaining and advocacy related to AI. President Claude Cummings and Secretary-Treasurer Ameenah Salaam were invited to attend Senator Chuck Schumer's (NY) "AI Insight Forum." Secretary-Treasurer Ameenah Salaam now sits on an industry advisory board with Cisco, Microsoft, et al. See website: www.cwa.org/ai-principles

Since the Convention of 2023, the Secretary Treasurer's Office has implemented many cost-saving strategies, created new avenues of communication for all, established a innovative approach on expenses, and upgraded Aptify, thus increasing revenue and reducing debt.

Some of the highlights are:

- Pooled email accounts for expedient responses
- S-T Talk
- Quarterly meetings with the District/Sector Dues Coordinator.
- Timely processing of expenses
- Systematic review of all agreements with equipment and services.
- Bundling Aptify service contracts and launching CWA's Aptify Grievance Handler
- Began and continues negotiations in the last stages of an RFP process to secure a guaranteed 15-year lease with a 5-year option potentially netting a total of \$88M or \$5.9M per year. This will provide additional income to CWA by leasing square footage in Headquarters.

The above-mentioned items secured savings of \$1,000,000 of which approximately \$400,000 went to paying down the principal of the \$40 Million loan from the MRF for the first time since the funding of the loan approximately 10 years ago.

With a successful lease and the above-mentioned items, we will be able to continue to make payments toward the principal of the loan.

One of the top priorities of the Secretary-Treasurer's Office moving forward will be paying down the debt and monitoring all expenses to secure CWA's future.

We recommended the passage of the 2023-2025 biennial budget during the Convention. The budget is a maximum and may need to change due to various circumstances. We encourage the leadership of CWA, the Districts, and Sectors to stay within the budget.

We encourage the Executive Board to review and evaluate all open SIF and Growth fund projects for successes and length of duration to validate their continuation toward the benefit to CWA.

The 2023-2024 Finance Committee would like to thank President Claude Cummings, Secretary-Treasurer Ameenah Salaam, Director of Finance and Membership Beth Yeckley, and Executive Assistant to Secretary-Treasurer Kelly Cline for their time and efforts in aiding the Committee in the review, development, and preparation of this year's report.

In Solidarity,

Frank Tallarine, Secretary-Treasurer, CWA Local 1106
Christine Shaw, Secretary-Treasurer, CWA Local 4100
Candance Reiley, President, IUE-CWA Local 84802
Kristy Pham, Secretary-Treasurer, CWA Local 9510

Communications Workers of America - Operating Budget				
2023 - 2025				
			APPROVED	APPROVED
		<u>2024 - 2025</u>	<u>2023 - 2024</u>	<u>2022 - 2023</u>
Income				
	Dues - Members and Agency Fee Payers	\$ 74,357,804.00	\$ 74,357,804.00	\$ 74,357,804.00
	HQ Building	\$ 30,000.00	\$ 30,000.00	\$ 3,400,000.00
	Other Income	\$ 2,700,000.00	\$ 2,700,000.00	\$ 900,000.00
	Total Income	\$77,087,804.00	\$77,087,804.00	\$78,657,804.00
Expenses				
National Programs				
029	Organizing Fund	\$ 3,693,750.00	\$ 3,693,750.00	\$ 3,693,750.00
030	Community Action	\$ 27,500.00	\$ 27,500.00	\$ 27,500.00
031	Legal Admin Unit Litigation & Misc.	\$ 454,755.29	\$ 489,346.00	\$ 499,755.18
032	Convention	\$ 300,000.00	\$ 400,000.00	\$ 300,000.00
034	Committees, Conf, Human Rights & Board Mtgs	\$ 350,000.00	\$ 355,000.00	\$ 400,000.00
038	Taxes	\$ 325,000.00	\$ 325,000.00	\$ 350,000.00
039	Affiliation Dues - AFL-CIO & Other	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00
040	Contingency	\$ (2,016,138.09)	\$ (615,231.16)	\$ 1,533,453.88
043	Information Systems	\$ 525,000.00	\$ 525,000.00	\$ 525,000.00
045	Communications (CWA News & PR)	\$ 710,747.00	\$ 725,747.00	\$ 735,747.00
046	Professional Services	\$ 545,000.00	\$ 545,000.00	\$ 570,000.00
048	Education	\$ 127,500.00	\$ 127,500.00	\$ 127,500.00
061	Retiree Benefits (Health Care, Insurance)	\$ 6,000,000.00	\$ 6,000,000.00	\$ 6,000,000.00
161	Insurance - Other (Workers Comp., etc)	\$ 880,000.00	\$ 880,000.00	\$ 880,000.00
064	Staff Moves	\$ 10,000.00	\$ 40,000.00	\$ 50,000.00
066	CWANET Training	\$ 75,000.00	\$ 75,000.00	\$ 75,000.00
225	Internal Loan Repayment	\$ 1,212,000.00	\$ 1,212,000.00	\$ 1,662,000.00
	Total General Budget	\$ 13,320,114.20	\$ 14,905,611.84	\$ 17,529,706.06
Administrative Units				
A1	Salaries - Officer & Staff	\$ 25,200,640.32	\$ 24,458,928.91	\$ 22,620,923.81
A2	Salaries - Full Time/Other	\$ 9,952,637.76	\$ 9,697,883.44	\$ 8,689,190.42
A3	Employee Benefits (Non-Pension)	\$ 8,793,319.52	\$ 8,544,203.09	\$ 7,830,028.56
A4	Employee Taxes	\$ 3,200,768.31	\$ 3,110,089.32	\$ 2,850,130.40
A5	Employee Pension	\$ 2,989,728.64	\$ 2,905,029.05	\$ 3,668,033.25
B1	Office Occupancy	\$ 3,700,980.59	\$ 3,700,980.59	\$ 5,796,629.33
B2	Staff Expenses	\$ 2,572,655.50	\$ 2,408,118.00	\$ 2,316,203.00
B3	Administrative Operations	\$ 3,665,455.50	\$ 3,665,455.50	\$ 3,665,455.50
B4	Legal	\$ 3,691,503.67	\$ 3,691,503.67	\$ 3,691,503.67
	Total Administrative Units	\$ 63,767,689.80	\$ 62,182,192.16	\$ 61,128,097.94
	Total Budgeted Expenses	\$ 77,087,804.00	\$ 77,087,804.00	\$ 78,657,804.00
	Total Income	\$ 77,087,804.00	\$ 77,087,804.00	\$ 78,657,804.00
	Surplus/(Deficit)	\$ (0.00)	\$ (0.00)	\$ 0.00

Administrative Units Budget 2024 - 2025												
District & National Units	A-1 Salaries: Officers & Staff	A-2 Salaries: FT & Other	A-3 Emp Benefits: 25%	A-4 Emp Taxes: 9.1%	A-5 Emp. Pension: 8.5%	Total Personnel Expenses	B-1 Office Occupancy	B-2 Staff Expenses	B-3 Administrative Operations	B-4 Legal	Total Office Admin. Expenses	Total Admin Unit Expenses
District 1	3,793,762	624,139	1,104,475	402,029	375,522	6,299,928	1,100,972	352,455	610,676	1,627,307	3,691,409	9,991,337
District 2-13	1,297,918	439,608	494,381	158,115	147,690	2,477,712	304,716	124,155	158,003	398,457	985,331	3,463,043
District 3	1,876,336	562,017	609,588	221,890	207,260	3,477,092	152,815	179,415	275,982	247,884	856,096	4,333,188
District 4	1,876,336	428,892	576,307	209,776	195,944	3,287,255	294,410	178,635	199,714	25,113	697,872	3,985,127
District 6	1,991,401	495,455	621,714	226,304	211,383	3,546,256	560,901	186,815	206,260	613,915	1,567,891	5,114,147
District 7	1,840,755	362,329	550,771	200,481	187,262	3,141,598	102,602	173,195	151,211	231,352	658,360	3,799,958
District 9	1,559,379	292,151	462,882	168,489	157,380	2,640,281	588,827	141,115	221,934	185,900	1,137,776	3,778,058
IJE-CWA	2,753,383	383,756	784,285	285,480	266,657	4,473,560	48,422	308,205	181,634	80,325	618,587	5,092,147
TNG-CWA	905,726	159,025	266,188	96,892	90,504	1,518,336	162,533	110,063	127,158	213,224	612,977	2,131,313
NABET-CWA	755,080	70,178	206,315	75,098	70,147	1,176,818	60,613	91,410	104,536	67,032	323,590	1,500,408
T&T	624,350	148,309	193,165	70,312	65,676	1,101,811	132,015	56,055	81,350	994	270,413	1,372,224
Public Wkrs	362,889	81,746	111,159	40,462	37,794	634,049	62,855	40,140	18,714	-	121,709	755,758
Total	19,637,315	4,047,605	5,921,230	2,155,328	2,013,218	33,774,697	3,571,680	1,941,658	2,337,171	3,691,504	11,542,013	45,316,709
Vacancies	451,977	677,646	282,406	102,796	96,018	1,610,842	-	48,433	-	-	48,433	1,659,275
Headquarters	5,111,348	5,227,387	2,589,684	942,645	880,492	14,751,556	129,301	582,565	1,328,284	-	2,040,150	16,791,706
Grand Total	25,200,640	9,952,638	8,793,320	3,200,768	2,989,729	50,137,095	3,700,981	2,572,656	3,665,456	3,691,504	13,630,595	63,767,690

**Fiscal Year Dues Income and Expense Report
June 1, 2023- May 31, 2024**

	<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	89,058	19,521	40,557	16,225	29,542	17,168	32,495	28,701	38,647	-	52,013	363,927
Dues Income	\$ 27,031,096	\$ 5,393,465	\$ 8,271,528	\$ 4,153,529	\$ 5,789,530	\$ 3,732,642	\$ 8,996,942	\$ 5,115,913	\$ 9,011,685	-	\$26,200,431	\$103,696,761
Other Income										\$3,785,529	\$1,346	\$3,786,875
	<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	\$ 9,477,817	\$ 3,314,916	\$ 4,222,860	\$ 3,600,803	\$ 4,657,437	\$ 3,521,586	\$ 3,176,503	\$ 3,436,546	\$ 4,768,003	\$34,731,006	\$24,629,639	\$99,537,116

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

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 expenses are 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 apprenticeships, 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 costs for administrative unit officers, staff, and professional employees. The following chart indicates the officer’s salaries:

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

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.