

## **Resolution #80A-25-01**

### **CWA UNBREAKABLE - Today, Tomorrow, and in the Future**

Since the founding of our union nearly 80 years ago, CWA members have united to dedicate our time, our energy, and our financial resources to build a better future for ourselves and our families.

The Members' Relief Fund (MRF), the Strategic Industry Fund (SIF), and the Growth Fund strengthen our union and provide a critical foundation for our work. The Members' Relief Fund supports members and their families when it is necessary to strike to win a fair contract while the SIF and Growth Funds enable us to build our bargaining power and our union through innovative programs.

These funds have evolved over time in response to our union's changing needs and challenges. In the 1950s, Convention delegates established a special \$0.50 assessment to finance a strike fund and pay strike benefits. During the 17-week NYNEX strike in 1989 those strike resources were insufficient to meet the needs of the striking members. A loan of \$15 million from the Japanese telecommunications union enabled us to hold the line and win a fair contract.

In order to ensure that CWA did not find itself in such a position in the future, delegates to the 1990 Convention voted to increase dues ¼ hour to create the Members Relief Fund.

By 2006, even after numerous strikes resulting in payment of benefits to members, the MRF balance had grown to \$377 million. Convention delegates recognized that amount was more than enough to support any future strike activity and created the Strategic Industry Fund, reallocating the ¼ hour dues to better serve our members by funding projects designed to increase our bargaining power and carry out proactive campaigns.

In 2013 Convention delegates created the Growth Fund as a complement to the SIF, for projects designed to build our union through education, organizing, activism, and political action. The Growth Fund was funded through half of the MRF's annual investment earnings. As was famously said at the time, keeping funds locked in the MRF would turn it into a fur-lined golden casket in which CWA would be buried.

Convention delegates enhanced the funding stream for the SIF and Growth Fund in 2019 by combining the ¼ hour dues income and all of the investment earnings into a single funding flow that was then used to affiliate CWA annually with the AFL-CIO and the Canadian Labour Congress. Remaining funds were evenly divided between the SIF and Growth Fund. Further adjustments were made by Convention delegates in 2021 during the COVID-19 pandemic, allocating part of the SIF balance to hire regular, full-time staff representatives and organizing coordinators to better directly serve members.

When the SIF was created, Convention delegates set a floor for the MRF. If the MRF balance falls below this floor due to an extended strike, all contributions revert back to the MRF until it

reaches the floor once again. The floor established in 2006 was not based on an analysis of the amount of funds that would be needed to sustain potential strikes; rather it was equal to the balance of the MRF as of July 11, 2006: \$377 million.

When delegates balanced the SIF and Growth Fund funding streams in 2019, they established a “soft” floor. If the MRF falls below \$400 million, half of all investment earnings are retained in the MRF and the other half are used to cover the annual AFL-CIO and Canadian Labour Congress affiliations. Any remaining funds are equally split between the SIF and Growth Fund.

The number of CWA members eligible for MRF benefits has fallen from 396,900 in 2006 when the floor was established to 211,000 today. At the same time the size of our largest striking units has declined precipitously. Our largest strike since the SIF and Growth Funds were established was in 2016 when 36,500 members at Verizon received \$42 million in benefits. Today, those Verizon units are 55% of their previous size.

This year, following a \$25 million payout to 17,000 AT&T Southeast members who were on strike for a month, the MRF dipped below the “soft” floor of \$400 million. This means that SIF and Growth Funds will not be receiving any investment income from the MRF. This will have a direct negative impact on our programs and our employees working to build our union, even though the MRF’s strike support capacity stands strong.

Over the past twelve years, our SIF and Growth Fund projects have allowed our union to engage in robust mobilization for bargaining, expand into new industries, and pass legislation that increases job opportunities for our members, while maintaining our ability to strike. However, because the funding for those projects relies partially on the MRF’s investment earnings, it is highly variable, ranging from a high of \$52 million to \$0 in years where there was a net loss. This variability makes long-term strategic planning difficult. The high bar arbitrarily set by the hard and soft floors adds additional uncertainty.

To address this situation the CWA Executive Board analyzed our MRF resources and potential strike activity and worked in conjunction with our elected Defense Fund Oversight Committee (DFOC) to review these ideas and discuss any concerns or suggested changes that the DFOC wished to share. As a result of these productive discussions and the extensive planning and research conducted by Executive Board and DFOC members, the Executive Board voted to propose two adjustments to the MRF rules.

The first adjustment will provide more consistent funding for the SIF and Growth Funds by lowering the MRF floor and adding predictability to the investment allocation. Based on the number of members currently eligible for strike benefits, we can safely lower the soft floor to \$350 million and the hard floor to \$325 million.

While the Executive Board had originally proposed a \$325 million soft floor and a \$300 million hard floor, during productive discussions between the Executive Board and the Defense Fund Oversight Committee (DFOC), DFOC members shared that they felt more comfortable with a

\$350 million soft floor and a \$325 million hard floor. Based on these discussions and the extensive research undertaken to study these issues, the Executive Board voted to propose lowering the soft floor to \$350 million and the hard floor to \$325 million in line with the recommendation from our CWA Defense Fund Oversight Committee.

In addition, instead of a variable annual investment allocation, SIF and Growth Funds will receive a combined allocation of \$14 million from the MRF's accumulated investment earnings each year. The average annual earnings have been slightly above \$15 million over the last ten years.

**This does not mean we will move \$75 million from the MRF to the SIF and Growth Funds. We are adjusting the floor so that during challenging periods we will continue to be able to use investment income from the MRF to fund critical SIF and Growth Fund programs.**

The second adjustment addresses strike benefits, which were last set in 2019 at \$300 per week beginning on the fifteenth day of a strike and \$400 per week beginning on the twenty-ninth day of a strike. The Executive Board proposes raising strike benefits to \$400 a week beginning on the fifteenth day of a strike and \$500 per week beginning on the twenty-ninth day of a strike.

Our outside financial consultants confirmed our internal analysis that the MRF is financially strong enough to incorporate these changes even in financial downturns, and their stress test confirms that we have sufficient resources to make these changes. Further, the Secretary-Treasurer has worked with the financial consultants to implement an investment approach designed to reliably generate the target investment income of \$14 million annually.

The Defense Fund Oversight Committee reviews and reports on the Members Relief Fund, SIF, and Growth Funds annually. The Executive Board will conduct a special review of the impact of these changes in four years.

These changes maintain a strong Members Relief Fund while better meeting striking members' financial needs. They also ensure a more consistent flow of resources to the Strategic Industry Fund and Growth Fund programs which allow us to grow and strengthen our union to be prepared for all the challenges that we will face in the future.

**Resolved:**

1. CWA will revise its funding streams for the Strategic Industry Fund and Growth Fund as follows:
  - a. Dues income and investment income from the Members Relief Fund will continue to be combined into a single funding stream. AFL-CIO and Canadian Labour Congress affiliation payments will be made from this stream and the remaining funds will be divided equally between the Strategic Industry Fund and the Growth Fund.

- b. Investment income will be set at \$14 million. In years when investment income is higher than \$14 million, any additional funds will remain in the MRF.
  - c. The “soft” floor of the MRF will be reset at \$350 million. Should this floor be breached, 50% of investment income will be retained in the MRF. The “hard” floor of the MRF will be reset at \$325 million. Should this floor be breached, 100% of investment income and dues income will be retained in the MRF.
- 2. On the fifteenth day of a strike, weekly benefits to strikers commence at \$400 per week and shall rise to \$500 per week beginning on the twenty-ninth day of the strike. Current policies on health care coverage shall not be changed.
- 3. The CWA Executive Board will review these policy changes in four years and make necessary recommendations to the Convention.
- 4. These policies will take effect on August 17, 2025