



# The HFCC Adjunct Faculty Organization



## First Year Budget and Dues Proposal

### Introduction

The proposed budget and dues by-law discussed in this document must be ratified by the membership of the Adjunct Faculty Organization (AFO) according to Article XII of the AFO Constitution (see HFCC-AFO.org for the full text of the Constitution). Article XII specifies that the budget and dues by-law must be approved by the membership at the second winter term general membership meeting. However, we did not have the final language of our first contract with the Henry Ford Community College (HFCC) Board of Trustees in place at the time of the second winter term general membership meeting, nor was the contract ratified at that time by the AFO membership or the HFCC Board of Trustees. Only after the contract was ratified did the Executive Board and the Finance Committee complete work on the budget. Accordingly, the Executive Board has called a special general membership meeting to present the proposed budget and dues by-law to the membership for discussion, possible amendment, and approval.

The proposed budget and dues structure for this fiscal year (July 1, 2009 – June 30, 2010) was developed by the Executive Board and the Finance Committee based on the principles of fiscal conservatism. Both the Executive Board and the Finance Committee have unanimously voted to submit it to the membership with a strong recommendation for approval.

*Please plan to attend the special general membership meeting on Tuesday, June 9, 2009 at 7:30 p.m. in the Ghafari Conference Room. The Ghafari Conference Room is located in Room 123 of the Technology Building which is located behind the College Bookstore.*

If you have any questions, concerns, or want to submit your vote on the budget and dues structure by mail, please contact Bill Norris at: [wmnorris@aftmichigan.org](mailto:wmnorris@aftmichigan.org).

Thank you,

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Mary Beck, Interim President

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William Breger, Interim Treasurer

## Per Capita Dues and Insurance Payments We Will Owe to Affiliated Organizations

	2009-2010 Dues			Monthly Totals
	per employee earning about \$34,000 or above	per employee earning between \$33,999 and \$12,000	per employee earning under \$12,000	
Multiplier	<i>"full dues"</i>	<i>1/2 dues</i>	<i>1/4 dues</i>	
AFT M	\$15.80	\$7.90	\$3.95	
AFT National.	\$1.00	\$1.00	\$1.00	
AFL-CIO Michigan	\$0.30	\$0.30	\$0.30	
AFL-CIO Metro	\$0.30	\$0.30	\$0.30	
AFT Liability	\$0.40	\$0.40	\$0.40	
Accidental Death	\$0.05	\$0.05	\$0.05	
<b>Total</b>	<b>\$17.85</b>	<b>\$9.95</b>	<b>\$6.00</b>	
X Estimated Distribution	0	250	420	
Monthly Per Caps	\$0	\$2,488	\$2,520	\$5,008

- The AFO is affiliated with the American Federation of Teachers (AFT), a national organization, and AFT-Michigan (AFT-M). We are also affiliated with the American Federation of Labor-Congress of Industrial Organizations (AFL-CIO). These organizations supported the AFO during our organizing drive and first contract campaign.
- The AFT (national) and AFT-M recognize three categories of members with regard to dues: “full dues,” “half dues,” and “quarter dues.” Local unions are required to pay full dues for employees earning over about \$34,000 per year, half dues for employees earning over \$12,000 per year but less than (approximately) \$34,000, and quarter dues for employees earning less than \$12,000.
- Local unions are required to pay AFT-M \$15.80 per month for employees in the full dues category, \$7.90 per month for employees in the half dues category, and \$3.95 per month for employees in the quarter dues category.
- Local unions are required to pay AFT-National \$16.35 per month for employees in the full dues category, \$8.18 per month for employees in the half dues category, and \$4.09 per month for employees in the quarter dues category. **However, the AFO Executive Board intends to apply to the AFT-National for a dues waiver that will reduce the monthly per employee amount to \$1.00 (for all three categories). We expect the AFT-National to grant our application for a dues waiver provided we employ a “staff organizer.”**
- Local Unions are required to pay the AFL-CIO Michigan \$0.30 per employee per month and another \$0.30 per month to the AFL-CIO metro Detroit council. These amounts are not reduced for employees earning below certain thresholds.
- AFT local unions have the option to purchase liability insurance at the rate of \$0.40 per month per member (not reduced for employees earning below certain thresholds). This insurance will cover losses of up to one million dollars as a result of lawsuits related to the

member's job. The AFO Executive Board and Finance Committee are recommending that this insurance be purchased, but only for members (i.e. covered employees who choose to not join the AFO will not receive this insurance). Details regarding this insurance are available through the AFT website (AFT.org).

- The AFT offers local unions the option of purchasing Accidental Death and Dismemberment insurance for members at the rate of \$0.05 per month per member. This insurance pays a benefit of \$5,000 in the case of an accidental death and also provides some coverage in the event of a traumatic accident that results in dismemberment. The AFO Executive Board and Finance Committee are recommending that this insurance be purchased, but for members only (i.e. covered employees who do not join the AFO will not receive this insurance). Details regarding this insurance are available through the AFT website (AFT.org).
- The total cost per month per member of these obligations to affiliated organizations is \$17.85 per month for members earning over (approximately) \$34,000 per year; \$9.95 per month for members earning more than \$12,000 per year, but less than (approximately) \$34,000; and \$6.00 per month for members earning \$12,000 per year or less. Since we will not be purchasing liability or accidental death and dismemberment insurance for non-members, the total per month capitulated rates for non-member employees (i.e. those adjuncts who choose to not join the AFO) will be forty-five cents (\$0.45) less per month in each of the three categories than the capitulated rates for AFO members.
- The Executive Board estimates that approximately 250 of the employees in our bargaining unit will earn more than \$12,000 (but less than \$34,000) and 420 will earn less than \$12,000. We do not expect any of the employees in our bargaining unit to earn more than \$34,000.
- The Executive Board estimates that approximately 70% of the employees in our bargaining unit will be members of the AFO and that 70% will be agency-fee paying non-members.
- **Based on these calculations and estimates, the Executive Board estimates that our total monthly obligations to affiliated organizations will come to \$5,008.**
- Note #1: Amounts shown here are for the 2009-10 fiscal year. The AFT-M capitulated rates are scheduled to increase to \$16.80 per month (for full dues payers) in July, 2010.
- Note #2: We will apply to the AFT-National for the dues waiver immediately, but we have been advised that it will not be granted until after the next meeting of the AFT-National Executive Board. We expect to be required to pay full dues (without the waiver) to the AFT-National for the month of July, 2009 (with the waiver kicking in for August, 2009). As a result, our total dues obligation for July, 2009 is estimated to be \$8,098 (see the expense sheet which follows) rather than \$5,008.
- Note #3: We expect to receive approval for the waiver of dues by the AFT national organization for five years, but at the end of that five-year period, our dues obligations will increase significantly. And, of course, if we fail to receive the waiver, we will have to reconsider our budget and dues proposal.

## Expenses: Line Item Explanations

Expenses Estimate 2009-2010 with Waiver from AFT													
<i>Item</i>	<i>Jul</i>	<i>Aug</i>	<i>Sep</i>	<i>Oct</i>	<i>Nov</i>	<i>Dec</i>	<i>Jan</i>	<i>Feb</i>	<i>Mar</i>	<i>Apr</i>	<i>May</i>	<i>Jun</i>	<i>Item Total</i>
Staff Salary	\$2,813	\$2,813	\$2,813	\$2,813	\$2,813	\$2,813	\$2,813	\$2,813	\$2,813	\$2,813	\$2,813	\$2,813	\$33,750
Staff Benefits	\$60	\$60	\$60	\$60	\$60	\$60	\$60	\$60	\$60	\$60	\$60	\$60	\$720
Stipends						\$8,601						\$8,601	\$17,202
Start-up	\$0	\$0	\$0	\$750	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$750
Rent	\$145	\$145	\$145	\$145	\$145	\$145	\$145	\$145	\$145	\$145	\$145	\$145	\$1,740
Postage	\$0	\$0	\$0	\$0	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$160
Printing	\$0	\$0	\$0	\$0	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$200
Legal	\$0	\$0	\$0	\$0	\$0	\$0	\$ 5,000	\$0	\$0	\$0	\$0	\$0	\$5,000
Dues	\$8,098	\$5,008	\$5,008	\$5,008	\$5,008	\$5,008	\$5,008	\$5,008	\$5,008	\$5,008	\$5,008	\$5,008	\$63,181
Bank Fees	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$180
Audit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,500	\$0	\$1,500
Travel/Hosp.	\$0	\$0	\$0	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$1,350
Education	\$0	\$0	\$0	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$2,700
<b>(Loan Total)</b>	<b>(\$11,131)</b>	<b>(\$8,040)</b>	<b>(\$8,040)</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	<b>(\$27,211)</b>
Repay Loan	\$0	\$0	\$0	\$3,401	\$3,401	\$3,401	\$3,401	\$3,401	\$3,401	\$3,401	\$3,401	\$3,401	\$27,211
<b>Grand Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$12,641</b>	<b>\$11,936</b>	<b>\$20,538</b>	<b>\$16,936</b>	<b>\$11,936</b>	<b>\$11,936</b>	<b>\$11,936</b>	<b>\$13,436</b>	<b>\$17,137</b>	<b>\$128,433</b>
<b>Total expenses w/5% growth</b>													<b>\$131,592</b>

To cover expenses for the first three months (July, August, and September), the AFO will borrow approximately \$27,211 from AFT-M. This amount is reflected in the line item “Loan Total” (third from bottom). It will be paid back, interest free, at the rate of \$3,401 per month beginning in October, 2009 and ending in May, 2010 (see the “Repay Loan” line, second from bottom). To the extent that we realize income during these months, we will not need to borrow (or re-pay) some or all of these funds.

**Staff Salary:** During our first contract campaign, William (Bill) Norris was employed by AFT-M as a “campaign organizer.” In addition to being employed by AFT-M as a campaign organizer, Bill is also a member of the AFO and is currently the interim secretary of the organization and a member of the Executive Board. Pending approval of the budget, the rest of the AFO Executive Board has tentatively extended an offer to Bill (he did not participate in the discussions that led to the offer) to assume the position of AFO Staff Organizer on a three quarters (75%) time basis. Under the tentative offer, Bill will work full-time for the AFO, but in addition to being a paid employee of the AFO, he will continue to be a member of the organization and has said that one-quarter of his time will be considered voluntary service to the AFO. He has expressed an interest in running for the position of recording secretary of the AFO during officer elections to be held this fall (2009) and continuing to teach on a reduced-time basis. Based on comparisons to staff organizers employed by other part-time AFT-M unions, the Executive Board agreed to an annual salary for the position of \$45,000. Since Bill is taking the position on a three-quarters time basis, his annual salary will be reduced to \$33,750. AFT-M will manage the payroll as a fiduciary for the AFO. While our budget shows the amount in equal monthly increments (\$2,813), the AFT-M payroll will be disbursed on a biweekly basis. As

discussed above in the section titled, “Per Capitated Dues and Insurance Payments We Will Owe Affiliated Organizations,” our application for a dues waiver from the AFT-National is contingent on hiring a paid staff organizer.

**Staff Benefits:** This line includes the legally required payroll taxes, as well as health, dental, and pension benefits for the staff organizer position. Bill Norris (the presumptive staff organizer) has indicated that he will waive health care benefits which explains the low monthly amount budgeted (\$60). These benefits will be administered by AFT-M and the AFO will be required to reimburse AFT-M for them.

**Stipends:** The Executive Board and the Finance Committee recommend paying a biannual stipend to four elected officers (President, Treasurer, Financial Records Secretary and Recording Secretary) and to the appointed Chief Grievance Officer. All of these positions are required to expend a considerable amount of time in fulfillment of their responsibilities and we believe that a modest stipend is appropriate to provide both some compensation for the work and an incentive to future leaders of the AFO. Since the fulfillment of the Vice President position’s responsibilities requires relatively less time that position is not being included in the proposed list of positions that will qualify for a stipend. The proposed stipends will be paid twice yearly, once in December and again in June, and the stipend will equal the amount of compensation an employee at step four of the Ph.D. lane is entitled to for teaching a three-credit hour course. Any officer (i.e. Bill Norris) who is also a paid staff member of the AFO is not entitled to a stipend under the proposal. Officers will be expected to pay AFO union dues on any earnings from stipends.

**Start-Up:** We are including a one-time start up expense of \$750 to be charged in October, 2009. This start-up money will be used to buy software (e.g. Quicken books) and any needed equipment.

**Rent:** Rent for our office (A-024 of the Learning Technology Building) is \$145 per month. This amount covers expenses for utilities (including telephone) and our contract with the HFCC Board of Trustees provides us with access to meeting rooms, copy machines, etc.

**Postage:** The Executive Board and the Finance Committee are recommending that we meet as much of our overall communication needs as possible through e-mail and interoffice mail. We will not expend funds for mass mailings to our membership. Accordingly, we have budgeted only \$160 for postage for the year at \$20.00 per month beginning in November, 2009.

**Printing:** The Executive Board and the Finance Committee are recommending that we keep our printing costs to a minimum as well. This will be accomplished by distributing our newsletter digitally (without printing hard copies). We do plan to develop a list of members who wish to receive hard copies of AFO communication materials, but the copies will be made on photocopy machines (rather than professionally printed) and sent through interoffice mail. Accordingly, we have budgeted only \$200 for the year for printing at \$25.00 per month beginning in November, 2009.

**Legal:** We are setting aside \$5,000 in January, 2010, for legal expenses related to arbitration costs for grievances. We hope that we do not need to expend these funds, but it is prudent to have the money available if needed. The AFT will cover grievance costs beyond the first \$5,000.

**Dues:** This line item reflects the dues paid per member on a capitated basis to affiliated organizations (see the “Per Capitated Dues and Insurance Payments We Will Owe Affiliated Organizations” section above for more detail on these amounts). The budgeted amount is greater in the first month (July, 2009) because we do not anticipate receiving the dues waiver from AFT-National until August, 2009.

**Bank Fees:** This line item is an estimate of the cost of opening and maintaining a savings and checking account at the Focus One Credit Union. The HFCC Federation of Teachers, Local 1650, has an account there as well.

**Audit:** We understand from AFT-M that we will be required to conduct a biennial audit; we will be accumulating these dollars so we can pay for that audit every other year.

**Travel/Hospitality:** This line item includes costs related to meetings (rent, refreshments, etc.) of the general membership, the Executive Board, or committees; in addition these funds will be used to cover the out-of-pocket expenses of members and/or the staff organizer while conducting union business. Mileage will be reimbursed at the current allowable federal mileage rate.

Members and/or the staff organizer will be required to complete an expense report to receive reimbursement and the expense report must be approved by the President and Treasurer. If the expense reimbursement is to be made to the President or Treasurer, another member of the Executive Board must be substituted for the purpose of approving the reimbursement.

**Education:** This line item is an estimate of the cost of training for our members and the cost for member attendance at national conferences and the biennial convention of the AFT.

**Loan Total and Repay:** As noted above, the AFO is requesting a loan of \$27,211 from the AFT-M, to be paid back between October, 2009 and May, 2010, interest-free.

**Expense Totals:** Based on the proposed budget, total expenses for the fiscal year July 1, 2009 – June 30, 2010 will be \$128,433. Assuming a 5% increase in the number of employees covered by our bargaining unit, the first year expenses will reach \$131,592. The \$3,159 difference is exclusively due to the higher capitated rates that would be owed to affiliated unions.

### **Income**

To cover budgeted expenses, the AFO will charge “membership dues” and “agency fees.” Membership dues are paid by members of the Adjunct Faculty Organization. Only members have the right to participate in the democratic decision-making process of the AFO including the right to approve the budget and dues by-law. Non-members of the AFO who are covered by our collective bargaining unit are required to pay “agency fees” – their fair share for the cost of negotiating and enforcing the contract, but they do not have the right to vote in AFO elections.

The Executive Board and Finance Committee are recommending that a by-law be approved to set membership dues at 1.85% of income and that agency fees be set at 1.70% of income. This means that for every \$1,000 of income earned by a member, the member would pay \$18.50 in dues to the AFO and that for every \$1,000 of income earned by an agency-fee payer, the covered employee would pay \$17.00 in agency fees.

Assuming that these rates are approved and that 70% of the individuals in our bargaining unit are members (and 30% are agency fee payers) and assuming that the total salary paid to members of our bargaining unit is \$7,630,000 (the figure derived at during bargaining), the AFO will collect \$137,730 in dues and agency fees during the fiscal year. Compared to projected expenses of \$128,433, this would leave us with a first year surplus of \$9,297. If we experience 5% growth, income will rise to \$144,626 while expenses will rise to \$131,592, leaving a surplus of \$13,034.

The Executive Board and the Finance Committee believe that it is prudent to run a modest surplus in the first years of operation, but we will recommend a reduction in the dues percentage in the future if warranted.

*Thank you for your consideration of our budget proposal and dues by-law recommendation!*