



The HFCC Adjunct Faculty Organization

Second Year Budget and Dues Proposal

Introduction

Article XII of the AFO Constitution (see HFCC-AFO.org for the full text of the Constitution) specifies that the annual budget must be approved by the membership at the winter term general membership meeting. Accordingly, the Executive Board has included items on the agenda for the April 16, 2010 general membership meeting to present the proposed budget to the membership for discussion, possible amendment, and approval.

The proposed budget for the upcoming fiscal year (July 1, 2010 – June 30, 2011) 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 general membership meeting on Friday, April 16, 2010 at 3:30 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: afo@hfcc.edu.

Thank you,

Mary Beck, President

William Breger, Treasurer

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

Monthly Member Per Capita Amounts with Waiver			
	2010-2011 Dues		
	per member earning about \$34,000 or above	per member earning between \$33,999 and \$12,000	per member earning under \$12,000
Multiplier	<i>Full dues</i>	<i>Half dues</i>	<i>Quarter dues</i>
AFT Michigan	\$16.80	\$8.40	\$4.20
AFT National.	\$16.00	\$8.00	\$1.00 ¹
AFL-CIO Michigan	\$0.30	\$0.30	\$0.30
AFL-CIO Metro	\$0.30	\$0.30	\$0.30
AFT Liability Insurance	\$0.40	\$0.40	\$0.40
Accidental Death	\$0.05	\$0.05	\$0.05
Total Member Per Capita Payment	\$33.85	\$17.45	\$6.25

¹The AFT normally charges affiliated unions \$4.00 per quarter dues paying member, but the Adjunct Faculty Organization was granted a four-year reduction in these dues to \$1.00 per member. 2010-11 will be the second of the four-year reduction period.

Monthly Agency Fee Per Capita Amounts			
	2010-2011 Dues		
	per non- member earning about \$34,000 or above	per non- member earning between \$33,999 and \$12,000	per non- member earning under \$12,000
Multiplier	<i>"full fees"</i>	<i>1/2 fees</i>	<i>1/4 fees</i>
AFT Michigan	\$15.64	\$7.82	\$3.91
AFT National.	\$10.51	\$5.26	\$2.63
Total Agency Fee Per Capita Payment	\$26.15	\$13.08	\$6.54

- 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 state and local councils of the American Federation of Labor-Congress of Industrial Organizations (AFL-CIO). These organizations supported the AFO during our organizing drive and first contract campaign, assist us with bargaining, and generally provide us with resources that more than justify the affiliation per capita dues and fees.

- 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 members 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. Both organizations also require fees for non-members who belong to the bargaining unit based on the same three categories of income.
- In FY 2010-11, local unions are required to pay AFT-M \$16.80 per month for members in the full dues category, \$8.40 per month for members in the half dues category, and \$4.20 per month for members in the quarter dues category. Local unions are required to pay AFT-M \$15.64 in fees for non-members who belong to the bargaining unit in the full-fees category, \$7.82 for those in the half-fees category, and \$3.91 for those in the quarter fees category.
- Local unions are required to pay AFT-National \$16.00 per month for employees in the full dues category, \$8.00 per month for employees in the half dues category, and \$4.00 per month for employees in the quarter dues category. **However, the AFO was granted a four-year dues reduction for quarter dues payers that will reduce the monthly per member amount in that category to \$1.00. The AFT-National expects locals granted the hardship reduction in quarter-payer dues to employ a “staff organizer.”**
- Local Unions are required to pay the AFL-CIO Michigan \$0.30 per member per month and another \$0.30 per month to the AFL-CIO metro Detroit council. These amounts are not reduced for members 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. Non-member agency fee payers are not covered by 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. Non-member agency fee payers are not covered by 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 \$33.85 per month for members earning over (approximately) \$34,000 per year; \$17.45 per month for members earning more than \$12,000 per year, but less than (approximately) \$34,000; and \$6.25 per month for members earning \$12,000 per year or less. The total per month capitated rates for non-member employees (i.e. those adjuncts who choose to not join the AFO) will be \$26.15 for those in the full-fees category, \$13.08 per month for those in the half-fee category, and \$6.54 per month for those in the quarter fees category.
- The number of individuals in the AFO bargaining unit varies considerably from month-to-month and is much lower during the spring-summer terms than in the fall and winter semesters. The Executive Board estimates that approximately 80% of the employees in our bargaining unit will be members of the AFO in any given month and that the remaining 20% will be agency-fee paying non-members. The Executive Board further estimates that during the spring-summer months approximately 75% of those in our bargaining unit will fall in the half-dues (or half-fees) category and the remaining 25% in the quarter-dues (or quarter-fees) category and that during the fall-winter months approximately 33% of those in our bargaining unit will fall in the half dues (or half fees) category and the remaining 67% will fall in the quarter-dues (or quarter-fees) category.
- **Based on the above assumptions and further assuming a bargaining unit of 220 individuals per month during the spring-summer months and 750 individuals per month during the fall and winter semesters, the Executive Board estimates that our total monthly obligations to affiliated organizations will come to approximately \$3,100 per month during the months of July, August, May and June and approximately \$7,300 per month in the remaining months of the fiscal year.**

Expenses: Line Item Explanations

Expenses Estimate 2009-2010 with Waiver from AFT													
Item	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Item Total
Staff Salary	\$3,088	\$3,088	\$3,088	\$3,088	\$3,088	\$3,088	\$3,088	\$3,088	\$3,088	\$3,088	\$3,088	\$3,088	\$37,056
Staff Benefits	\$0	\$371	\$0	\$371	\$0	\$371	\$0	\$371	\$0	\$371	\$0	\$371	\$2,224
Stipends						\$8,859						\$8,859	\$17,718
Equipment/ Software	\$0	\$0	\$0	\$500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$500
Rent	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$4,200
Postage	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$240
Printing	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$480
Legal	\$0	\$0	\$0	\$0	\$0	\$0	\$5,000	\$0	\$0	\$0	\$0	\$0	\$5,000
Per capitas	\$3,100	\$3,100	\$7,300	\$7,300	\$7,300	\$7,300	\$7,300	\$7,300	\$7,300	\$7,300	\$3,100	\$3,100	\$70,800
Bank Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Audit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,500	\$0	\$2,500
Travel/Hosp.	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$4,800
Education	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$2,400
Political Campaigns	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$900
Charitable Contributions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,000	\$1,000
Office Supplies	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$300
Grand Total	\$7,753	\$7,753	\$11,453	\$11,453	\$11,453	\$20,312	\$16,453	\$11,453	\$11,453	\$11,453	\$9,753	\$17,112	\$150,117
Total expenses w/5% growth												\$157,624	

AFT-Michigan Loan: To cover start-up expenses, the AFO received an interest-free loan in the amount of \$25,000 from AFT-M. The AFO began repaying this loan at the rate of \$2,500 per month beginning in November, 2009. At this rate of repayment, the amount owed at the end of the first fiscal year (June 30, 2010) will be \$5,000. It is recommended to repay that balance at the end of the fiscal year out of the anticipated first year surplus. The first year surplus is expected to be greater than \$5,000.

Staff Salary: During our first fiscal year, William (Bill) Norris was employed by the AFO as its “staff organizer.” In addition to being employed by the AFO as the staff organizer, Bill is also a member of the AFO and is currently serving as the recording 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 continue in his position during the upcoming fiscal year. 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. The Executive Board (without Bill being present) voted to provide Bill with a 3% pay increase over his 2009-10 salary of \$33,750. With the 3% raise, Bill’s annual salary will be \$34,763. AFT-M will manage the payroll as a fiduciary for the AFO. With payroll taxes and administrative costs, the annual cost to the AFO for the staff organizer is expected to be \$37,056. While our budget shows the amount in equal monthly increments (\$3,088) which includes administration and payroll taxes, 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,” the reduction in quarter-dues the AFO received from the AFT-National is contingent on employing a paid staff organizer.

Staff Benefits: Bill plans to continue to waive health and vision benefits, but is accepting family dental care benefits. Based on current year costs and factoring in a 10% increase, it is estimated that these benefits will cost \$371 every other month for a total of \$2,224 for the year.

Stipends: The Executive Board and the Finance Committee recommend paying a biannual stipend to all elected officers (President, Vice-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. The proposed stipends will be paid twice yearly, once in December and again in June, and the stipend will equal *up to* the amount of compensation an employee at step four of the Ph.D. lane is entitled to for teaching a three-credit hour course, but not to exceed a total of four times this amount. 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. *The president’s stipend (not to exceed the amount of compensation received by an employee at step four of the Ph.D. lane for teaching a three-credit hour course) will be determined by a consensus decision of the rest of the Executive Board. The actual amount of each remaining officer’s individual stipend will be determined by the president. All stipends will be reviewed by the Finance Committee before payment is made, but final approval rests with the President and the Executive Board.*

Equipment/Software: The Executive Board and Finance Committee are including a one-time expense of \$500 to be charged in October, 2010. This money will be used to buy any needed equipment or software.

Rent: The current rent for our office (A-024 of the Learning Technology Building) is \$145 per month. This amount covers expenses for utilities (including internet access) and our contract with the HFCC Board of Trustees provides us with access to meeting rooms, copy machines, etc. We anticipate that we will be offered better space in the near future (after certain departments move into the Society of Manufacturing Engineers building) and we expect our rent costs will go up accordingly.

Postage: The Executive Board and the Finance Committee are recommending that we continue to use e-mail and interoffice mail as much as possible for our communication needs. Accordingly, we will not expend funds for mass mailings to our membership, but we are required to use U.S. mail to communicate with some of our members and agency fee payers, especially those who are rarely on campus. Based on this, we have budgeted \$240 for postage for the year at the rate of \$20.00 per month.

Printing: The Executive Board and the Finance Committee are recommending that we continue to keep our printing costs to a minimum as well. This will be accomplished by distributing most of our newsletters digitally (without printing hard copies). We do plan to print (in black and white) two editions of the AFO News annually – one in the fall semester and one in the winter semester – and we incur some printing costs for envelopes and other purposes. Accordingly, we have budgeted \$480 for the year for printing at \$40.00 per month.

Legal: The AFO voted to set aside \$5,000 for legal expenses in our first fiscal year and the Executive Board and Finance Committee are recommending that we set aside another \$5,000 for such expenses related to arbitration costs for grievances in January, 2010. We hope that we do not need to expend these funds, but it is prudent to have a fund available if needed. The AFT will cover grievance costs beyond the first \$5,000 per grievance. Once our legal fund reaches \$25,000, we will no longer make annual contributions to it.

Per Capita: 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).

Bank Fees: This line item is zero. Our current bank fees for maintaining checking and savings accounts at the Focus One Credit Union are minimal and we expect to have them waived by next year.

Audit: The Finance Committee recommended that we conduct an audit after our first fiscal year (we are required by AFT-Michigan to conduct a biennial audit) and we have sent out a request for proposal to a short list of audit firms recommended by Finance Committee members. The funds earmarked here for audit costs will be accumulated so we can pay for an 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 including out of town travel for conventions and educational conferences. 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.

Political Campaigns: The Executive Board is recommending that the AFO set aside \$900 per year at the rate of \$75 per month to cover donations to the political campaigns of candidates for local offices only and/or to be used to improve the image of the AFO in the eyes of the Dearborn community and the HFCC Board of Trustees.

Charitable Contributions: Assuming there is a sufficient surplus at the end of the fiscal year, the Executive Board and the Finance Committee are recommending that \$1,000 be set aside (in June, 2010) to be earmarked for charitable contributions.

Office Supplies: The Executive Board and the Finance Committee are recommending that \$300 per year (at the rate of \$25 per month) be set aside for routine office supply purchases.

Expense Totals: Based on the proposed budget, total expenses for the fiscal year July 1, 2009 – June 30, 2010 will be \$150,117. Any increase in the size of the bargaining unit will result in increased expenses for per capita payments, mailings, etc. Assuming a 5% increase, total expenses could reach \$157,624. Based on year-to-date actual expenses, it is estimated that first fiscal year expenses will total approximately \$140,000. The increase in second year expenses reflects higher per capita payment requirements, the pay increase for the staff organizer, and increases in amounts budgeted for audit, education, and travel/hospitality.

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 no changes be made to the current dues and agency fee by-law. Under the current by-law, membership dues are set at 1.85% of income and agency fees at 1.70% of income. This means that for every \$1,000 of income earned by a member, the member would continue to 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 80% of the individuals in our bargaining unit are members (and 20% are agency fee payers) and assuming that the total salary paid to members of our bargaining unit is \$8,500,000 (estimate based on current fiscal year actual earnings and a 3% contractual increase), the AFO will collect approximately \$155,000 in dues and agency fees during the fiscal year beginning July 1, 2010 and ending June 30, 2010. Compared to projected expenses of \$150,117, this would leave us with a second year surplus of \$4,883.

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/agency fee percentage in the future if warranted.

Thank you for your consideration of our budget proposal!