



The HFCC Adjunct Faculty Organization AFT Local 337



Fiscal Year 2011-12 Final Budget and Dues Proposal

Introduction

Article XII of the AFO Constitution¹ specifies that the annual budget for the upcoming fiscal year be submitted to the membership for approval during the Winter General Membership Meeting. However, ongoing second contract negotiations between the AFO and the College created uncertainty with regard to both income and expenses for the upcoming fiscal year. Due to this uncertainty, the Executive Board and the Finance Committee recommended that the membership approve a preliminary budget and dues structure during the Winter General Membership Meeting and delay consideration and approval of the final budget until a Special General Membership Meeting to be held after tentative agreement was reached on a second contract. We have now reached tentative agreement and have scheduled a Special General Membership Meeting on June 17, 2011 to finalize the budget and to consider an amendment to By-law I of the AFO Constitution and to consider approving a second By-law (By-law II) to the Constitution.

At the recommendation of the Finance Committee, next year's budget has been aligned with the accounts included in the AFO's accounting software so it looks a little different than previous budgets. All the information necessary for year-to-year comparisons is available so nothing will be lost as a result of making the change.

The proposed final budget for the upcoming fiscal year (July 1, 2011 – June 30, 2012) was developed by the Executive Board and the Finance Committee based on the principles of fiscal conservatism. The final budget (as proposed) mirrors the previously approved preliminary budget very closely. Changes between the preliminary budget and this final budget proposal will be highlighted. 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 Friday, June 17, 2011 at 3:30 p.m., in the Center for Teaching Excellence and Innovation (CTEI) classroom, Room A-001, in the basement of the Learning Technology Building. The Learning Technology Building is the same building that houses security and our office.

If you have any questions, concerns, or if you want to submit your vote on this preliminary budget by proxy, please contact Bill Norris at: afo@hfcc.edu.

Thank you,

A handwritten signature in black ink that reads 'Mary R. Beck'.

Mary Beck, President

A handwritten signature in black ink that reads 'W & Breger'.

William Breger, Treasurer

¹ For the full text of the Constitution, or any other AFO document referred to herein, please visit the AFO Home Page, www.hfcc-afu.org.

Dues and Fees

The AFO receives its income from dues paid by members and fees paid by non-members covered by our contract. The income is used to cover operating expenses and per capita fees and to generate an operating surplus. Based on the principles of fiscal conservatism, the Executive Board and the Finance Committee have established three long-term financial goals: (1) build a legal fund of \$25,000 by contributing \$5,000 to it per year for five years; (2) build an audit fund of \$10,000 by contributing \$2,000 to it per year for five years; and (3) build a general operating surplus equal to approximately three months of operating income (about \$45,000).

To become an AFO member, an individual covered by our contract must agree to pay “membership dues.” A member of the AFO has the right to participate in the democratic decision-making process of the AFO including the right to vote to approve (or reject) this proposed final budget. Individuals who are covered by the AFO contract, but who do not become AFO members, are charged “agency fees” to cover their fair share of the cost of negotiating and enforcing the contract. While agency fee payers benefit from and are protected by our collective bargaining agreement, they do not have the right to participate in the democratic decision-making process of the AFO and cannot vote in union elections.

Under By-law I of the AFO Constitution, membership dues are currently set at 1.85% of income and agency fees at 1.70% of income.

During our first two years of operations, the AFO has enjoyed higher than anticipated surpluses and, as a result, we have neared our long-term financial goals faster than expected. Members have an interest in maintaining a financially stable AFO so we need to be prudent, but the Executive Board and the Finance Committee are confident that we can recommend an amendment to By-law I of the AFO Constitution to reduce dues and fees modestly.

Our higher-than-expected surpluses in the first two years of operations are the result of several causes: (1) our income has been higher than expected because our membership has grown faster than expected; (2) we’ve benefited from a special four-year reduction in per capita payments made to the American Federation of Teachers (AFT); and (3) we have kept expenses low by being fiscally responsible.

In addition, we have benefitted during this fiscal year, and expect to benefit next year, from special contributions to our community service fund by the HFCC Federation of Teachers, Local 1650. When individual members of our bargaining unit exceed a certain number of weekly contact hours (usually ten or more), they become “temporary part-time” members of Local 1650. The College continues to deduct dues or fees from these individuals and remits them to the AFO. It is then our responsibility to refund the difference between the AFO dues/fees rate and the Local 1650 dues/fees rate to the individuals working temporary part-time and to forward the balance (which represents dues/fees owed to Local 1650) to Local 1650. This year Local 1650 advised the AFO to keep the dues/fees paid by these individuals and to consider the money to be a voluntary contribution towards our voluntary expenses (e.g. community service contributions). This practice first went into effect with the fall, 2010 semester and will likely continue next year, but may not continue beyond next year.

All of these factors contributing to our higher-than-expected surpluses (except, hopefully, the fiscal responsibility of our Executive Board) are subject to reversal in the future. The special reduction in per capita payments made to the AFT will expire at the end of our fourth fiscal year (June 30, 2013). As a result, our expenses will go up by about \$10,000 per year beginning with the 2013-14 fiscal year without any corresponding increase in our income. We also know that if the number of hours taught by adjuncts shrinks (because College enrollment shrinks) that our income will fall faster than our expenses. **And we cannot count on continued contributions toward our voluntary expenses from Local 1650 beyond next year.**

Even taking those factors into account, the Executive Board and Finance Committee believe that we can reduce dues modestly without jeopardizing the financial stability of the AFO. A dues reduction of 0.1% (from 1.85% of earnings to 1.75% of earnings) would reduce AFO income by about \$9,000 per year. Given the sizes of our recent surpluses, we believe we can afford such a modest reduction in dues and fees charged to members and agency fee payers without jeopardizing the long term financial stability of the AFO.

Accordingly, in a separate document that will be published simultaneously with this final budget document, the Executive Board and Finance Committee are recommending an amendment to By-law I of the Constitution (“Dues and Assessments”) that will reduce dues to 1.75% of income and fees to 1.60% of income. The Executive Board and Finance Committee are also recommending the approval of a second by-law to institutionalize the practice of paying officer stipends and to establish a practice of refunding a portion of the dues paid by members who serve on standing committees of the AFO.

FY 2011-12 Income Estimate

The anticipated income shown in the chart that follows is based on the following assumptions: (1) 83% of the individuals in our bargaining unit will be AFO members (and 17% will be non-member agency fee payers); (2) the size ~~and income~~ of our bargaining unit during the 2011-12 fiscal year will correspond to our bargaining unit size and income during the 2010-11 fiscal year; (3) ~~no change in the current dues and fees structure that our income from dues in 2011-12 will be reduced by 5.4% because of the 5.4% reduction in dues (0.1% of 1.85% is 5.4%) and that our income from fees will be reduced by 5.9% because of the reduction in fees (0.1% of 1.70% is 5.9%) and that both of these will be offset by a 2.5% increase in income due to the 2.5% raise negotiated in our second contract so that the net reduction in income from dues will be 2.9% and the net reduction in income from fees will be 3.4%; and~~ (4) interest income of \$20 per month; (5) contributions of approximately \$3,500 in December and again in June toward voluntary expenses of the AFO by Local 1650; and (6) refunds in dues payments of approximately \$2,000 in January made to AFO members who serve on standing committees of the AFO.

As shown in the chart, the AFO’s income is projected to be lower in months of the summer and spring terms (July, August, May and June) than in months of the fall and winter terms. This lower spring-summer income, of course, is explained by the reduced number of adjuncts working during those terms.

Income Estimate 2011-12													
Item	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Item Total
Dues Income	\$7,300	\$6,900	\$12,600	\$13,900	\$14,200	\$14,100	\$12,600	\$13,900	\$14,200	\$14,100	\$7,300	\$6,900	\$138,000
Fee Income	\$900	\$750	\$2,400	\$2,700	\$2,550	\$2,550	\$2,600	\$2,700	\$2,550	\$2,550	\$900	\$750	\$23,900
Interest	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$240
Contributions						\$3,500				\$3,500			\$7,000
Refunds						(\$5,000)	(\$2,000)			(\$5,000)			(\$12,000)
Grand Total	\$8,220	\$7,670	\$15,020	\$16,620	\$16,770	\$15,170	\$13,220	\$16,620	\$16,770	\$15,170	\$8,220	\$7,670	\$157,140

The refunds line reflects dues or fees received by the AFO on behalf of temporary part-time members of the HFCC Federation of Teachers, Local 1650. As noted above, under current practice, the College deducts dues or fees from the earnings of such temporary part-time employees and remits them to the AFO. Since the dues or fees charged to Local 1650 members are set at a lower rate than the dues and fees charged to AFO members, the individuals involved are entitled to a refund equal to the difference which is paid by the AFO to the individual. In addition, the remainder of the dues and fees collected by the AFO on behalf of such temporary part-time employees belongs to Local 1650 (but has been gifted back to the AFO the last two fall and winter semesters and is expected to be gifted in the next two fall and winter semesters as shown on the contributions line). The total amount of these dues and fees refunds varies from semester to semester, but have been averaging about \$5,000 per fall and winter semester over the last two fiscal years.

Based on the assumptions listed above, the projected total AFO income for FY 2011-12 is estimated to be \$157,140.

Estimated Expenses 2011-12

<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>
Per Capita Payments													
AD&D	\$10	\$10	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$10	\$10	\$280
AFL-CIO-Metro	\$100	\$100	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$100	\$100	\$2,000
AFL-CIO-Michigan	\$100	\$100	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$100	\$100	\$2,000
AFT-Liability	\$100	\$100	\$225	\$225	\$225	\$225	\$225	\$225	\$225	\$225	\$100	\$100	\$2,200
AFT-Michigan	\$1,600	\$1,500	\$3,200	\$3,500	\$3,500	\$3,500	\$3,200	\$3,500	\$3,500	\$3,500	\$1,600	\$1,500	\$33,600
AFT-National	\$1,100	\$1,000	\$1,450	\$1,550	\$1,550	\$1,550	\$1,450	\$1,550	\$1,550	\$1,550	\$1,150	\$1,050	\$16,500
Total Per Capita Payments	\$3,010	\$2,810	\$5,305	\$5,705	\$5,705	\$5,705	\$5,305	\$5,705	\$5,705	\$5,705	\$3,060	\$2,860	\$56,580
Contract Services													
Accounting Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Legal Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Contract Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operations													
Banking Fees	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$120
Contributions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,000	\$0	\$0	\$6,000
Fidelity Bond	\$0	\$0	\$0	\$0	\$50	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$50
Hospitality	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$240
Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Office Supplies	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$480
Postage, Mailing	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$240
Printing, Copying	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$480
Rent	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$1,680
Total Operation Expenses	\$270	\$270	\$270	\$270	\$320	\$270	\$270	\$270	\$270	\$6,270	\$270	\$270	\$9,290
Payroll													
Executive Board Stipends	\$0	\$0	\$0	\$0	\$0	\$9,100	\$0	\$0	\$0	\$0	\$0	\$9,100	\$18,200
Executive Director Salary	\$3,400	\$3,400	\$3,400	\$3,400	\$3,400	\$3,400	\$3,400	\$3,400	\$3,400	\$3,400	\$3,400	\$3,400	\$40,800
Total Payroll Expenses	\$3,400	\$3,400	\$3,400	\$3,400	\$3,400	\$12,300	\$3,400	\$3,400	\$3,400	\$3,400	\$3,400	\$12,300	\$59,000
Travel and Meetings													
Conferences and Meetings	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$360
Travel	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$6,000
Total Travel and Meetings	\$530	\$530	\$530	\$530	\$530	\$530	\$530	\$530	\$530	\$530	\$530	\$530	\$6,360
Grand Total	\$7,210	\$7,010	\$9,505	\$9,905	\$9,955	\$18,805	\$9,505	\$9,905	\$9,905	\$13,905	\$7,260	\$15,960	\$131,230

Line Item Explanations

As an examination of the Estimated Expenses table will show, AFO expenses fall into five major categories: (1) Per Capita Payments, (2) Contract Services, (3) Operations, (4) Payroll, and (5) Travel and Meetings. Each major category consists of two or more sub-categories. A line-by-line explanation of the estimated expense for each sub-category follows:

1. Per Capita Payments: The AFO is affiliated with the American Federation of Teachers (AFT) and with 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). We make per capita payments to each of these affiliated organizations to support the work they do that benefits us in both direct and indirect ways. These organizations supported the AFO during our organizing drive and first contract campaign, assist us with bargaining, and generally provide us with resources that make us a stronger local union and more than justify the affiliation per capita dues and fees.

- In addition, the AFO purchases accidental death and dismemberment and occupational liability insurance for AFO members through the AFT.
- The cost of these per capita payments and insurances varies each month because the number of individuals in the AFO bargaining unit varies considerably from month-to-month. The size of the AFO bargaining unit is greatly reduced during the spring-summer terms in comparison to the fall and winter semesters.
- The expense estimates in this category are based on the same assumptions as the income estimate: (1) 83% of the individuals in our bargaining unit will choose AFO membership (and 17% will default to non-member agency fee payers); (2) the size of the bargaining unit during the fall 2011 and winter 2012 terms will correspond to the size of the bargaining unit during the fall 2010 term; and (3) the size of the bargaining unit during the summer 2011 and spring 2012 terms will correspond to the size of the bargaining unit during the summer 2010 term. If income is over- or under-estimated, per capita and insurance payments expenses will be over- or under-estimated by the same factor.
- As shown in the table, it is estimated that per capita and insurance payments will total \$56,580 for FY 2011-12. These expenses are broken down into six sub-categories as follows:

(1) **AD&D:** 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 a traumatic accident 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). As shown in the table, it is estimated that this expense will total \$280 in FY 2011-12.

(2) **AFL-CIO Metro:** The per capita payment to the Metro Detroit Council of the AFL-CIO is thirty cents (\$0.30) per member per month. As shown in the table, it is estimated that AFL-CIO Metro per capita payments will total \$2,000 in FY 2011-12.

(3) **AFL-CIO State:** The per capita payment to the State Council of the AFL-CIO is also thirty cents (\$0.30) per member per month. As shown in the table, it is estimated that State AFL-CIO per capita payments will likewise total \$2,000 in FY 2011-12.

(4) **AFT Liability:** AFT local unions have the option of purchasing occupational liability insurance at the rate of thirty-five cents (\$0.35) per month per member. This insurance covers losses of up to one million dollars (\$1,000,000) 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). As shown in the table, it is estimated that this expense will total \$2,200 in FY 2011-12.

(5) **AFT Michigan:**

- i. AFT-M recognizes three categories of members with regard to dues payments: "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 members earning over \$14,000 per year

but less than (approximately) \$34,000, and quarter dues for members earning less than \$14,000. AFT-Michigan also requires fees for non-members who belong to the bargaining unit based on the same three categories of income.

- ii. In FY 2011-12, 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 \$15.68 in fees for non-members who belong to the bargaining unit in the full-fees category, \$7.84 for those in the half-fees category, and \$3.92 for those in the quarter-fees category.
- iii. As shown in the table, it is estimated that per capita payments to AFT-Michigan will total \$33,600 for fiscal year 2011-12.

(6) AFT National:

- i. The AFT (national) recognizes four categories of members with regard to dues: “full dues,” “half dues,” quarter dues,” and “eighth” dues. Local unions are required to pay full dues for members earning over about \$34,000 per year, half dues for members earning over \$14,000 per year but less than (approximately) \$34,000, quarter dues for members earning less than \$14,000 but more than \$8,500, and eighth dues for members earning less than \$8,500. The AFT also requires fees for non-members who belong to the bargaining unit based on the same four categories of income.
- ii. Local unions are currently required to pay AFT-National \$16.55 per month for members in the full-dues category, \$8.28 per month for members in the half-dues category, \$4.14 per month for members in the quarter-dues category, and \$2.07 for members in the eighth-dues category. These per capita rates are scheduled to go up in September, 2011 to \$17.10 per month for employees in the full-dues category, \$8.55 per month for members in the half-dues category, \$4.28 per month for members in the quarter-dues category, and \$2.14 for members in the eighth-dues category. Agency fee rates are currently \$11.44 for employees in the full-fees category, \$5.72 for employees in the half-fees category; \$2.86 for employees in the quarter-fees category and \$1.43 for employees in the eighth-fees category. We expect that agency fees will go up a corresponding amount (about 3%) in September, 2011, but the fee rate will not be established until after the AFT completes its own annual audit.
- iii. **The AFO was granted a four-year dues reduction for quarter- and eighth-dues payers that reduces the monthly per capita payment for members in those categories to \$1.00. The special reduction is granted to local unions that represent contingent employees to support organizing. The reduction saves the AFO about \$10,000 per year and is set to expire June 30, 2013. The reduction does not apply to fee payers.**
- iv. As shown in the table, it is estimated that per capita payments to the AFT will total \$16,500 for FY 2011-12.

2. **Contract Services:** This category includes two sub-categories – accounting fees and legal fees. We do not expect to incur any expenses during the upcoming fiscal year in either of these sub-categories and, accordingly, we have not budgeted for any contract service expenses in FY 2011-12. We have, however, established and will continue to accrue “set aside” funds for both accounting fees and legal fees.

(1) Accounting Fees: According to the AFO’s Standards of Financial Practices, the AFO will conduct an annual internal financial review and once every five years the AFO will hire an outside firm to conduct a financial audit. The cost of an outside audit is estimated to be \$10,000 and we will be conducting our first outside audit after the end of our fifth fiscal year (June 30, 2014). Accordingly, the Executive Board has earmarked a \$10,000 certificate of deposit for the 2014 audit.

(2) Legal Fees: Any legal fees that the AFO is likely to incur (such as the \$5,000 deductible the local would be liable for if we take a grievance to arbitration) can be crippling and are likely to be unexpected. While we do not expect any legal expenses in FY 2011-12 (and have not budgeted for any), the Executive Board has earmarked a second \$10,000 certificate of deposit to cover any unanticipated legal expenses. The Executive Board and the Finance Committee recommend gradually increasing the set aside amount for legal expenses to \$25,000 by adding \$5,000 per year to it out of future year operating surpluses.

3. **Operations:** This category includes expenses related to operating the AFO and includes nine sub-categories.
- (1) **Banking Fees:** The AFO incurs minimal banking fees. Accordingly, the Executive Board and the Finance Committee are recommending that only \$120 be budgeted for banking fees (including checking charges and costs) at the rate of \$10 per month.
 - (2) **Contributions:** The Executive Board and the Finance Committee are recommending that ~~\$4,000~~ \$6,000 be budgeted for community contribution expenses. If approved, contributions will be made to the Adray Golf Tournament (proceeds of which benefits HFCC students), the HFCC Foundation, the HFCC Student Aid Fund, and the HFCC-AFO Founders' Scholarship Fund. Such community service contributions will be made in or about April, 2012 if approved.
 - (3) **Fidelity Bond:** The AFO purchases a fidelity bond through the AFT to protect the membership from any mistakes made or crimes committed by AFO fiduciaries that result in financial loss to the AFO membership. The cost of this bond is \$50 per year and is paid in November.
 - (4) **Hospitality:** This line item represents the costs of refreshments for membership meetings, various committee meetings and similar expenses. The Executive Board and the Finance Committee are recommending that \$240 be budgeted for such expenses at the rate of \$40 per month.
 - (5) **Miscellaneous:** This line item is a place holder for any unanticipated expense that does not fit into an existing category. If any such expenses occur, the Treasurer will make a decision as to the need for adding a new line item to future year budgets. Recurring items should not be charged to "miscellaneous." Accordingly, the Executive Board and Finance Committee do not recommend budgeting for any miscellaneous expenses in FY 2011-12.
 - (6) **Office Supplies:** The Executive Board and the Finance Committee are recommending that \$480 (at the rate of \$40 per month) be budgeted for routine office supply purchases.
 - (7) **Postage, Mailing:** 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 from time-to-time. For instance, we 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.
 - (8) **Printing, Copying:** The Executive Board and the Finance Committee are recommending that we continue to keep our printing costs to a minimum by using low cost alternatives whenever possible, but some printing costs are unavoidable. Accordingly, we have budgeted \$480 for the year for printing at \$40.00 per month.
 - (9) **Rent:** The current rent for our office (A-024 of the Learning Technology Building) is \$141 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.
4. **Payroll:** The AFO employs a salaried Executive Director and awards semiannual stipends to officers. Expenses associated with such personnel costs are included in this category.
- (1) **Executive Board Stipends:** The Executive Board and the Finance Committee recommend ~~continuing institutionalizing~~ the practice of paying a semiannual stipend to all elected officers (President, Vice-president, Treasurer, Financial Records Secretary and Recording Secretary) and to the appointed Chief Grievance Officer by approving the recommended By-law II to the Constitution.
 - 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.
 - Any officer (i.e. Bill Norris) who is also a paid staff member of the AFO will not be entitled to a stipend.
 - Officers will be expected to pay AFO union dues on any earnings from stipends or to donate an equivalent amount to either the AFO Founders' Scholarship Fund or the AFO Political Action Committee Fund.
 - The amount of the stipend pool will be ~~determined when this budget is finalized, but for preliminary purposes the semiannual pool is being set to equal~~ to four times the amount

an employee at step four of the Ph.D. lane is entitled to be paid for teaching a three-credit hour course at current rates. 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.

- Accordingly, the Executive Board and the Finance Committee are recommending that ~~\$17,718~~18,200 be budgeted for officer stipends, ~~\$8,859~~9,100 in December and ~~\$8,859~~9,100 in June.

(2) **Executive Director Salary:** William (Bill) Norris is the AFO's salaried "Executive Director." In addition to being employed by the AFO, Bill is also a member 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 continue to work full-time for the AFO, but in addition to being a paid employee of the AFO, he will also continue to be a member of the organization and has agreed that one-quarter of his time will be considered voluntary service to the AFO. Bill's initial salary (\$33,750) was based on a comparison to the earnings of "staff organizers" at other part-time unions. Bill did not accept a salary increase in 2010-11. In recognition of Bill's contributions to the AFO and pending approval of the budget, the Executive Board (without Bill being present) has voted to provide Bill with a 3% pay increase over his current salary of \$33,750. With the 3% raise, Bill's annual salary will be \$34,763. Current plans are to have AFT-M continue to manage the payroll as a fiduciary for the AFO. Bill plans to continue to waive health and vision benefits, but will continue to accept family dental care benefits. With benefits, payroll taxes and administrative costs included, the annual cost to the AFO for the executive director is expected to be \$40,800 at the rate of \$3,400 per month.

5. **Travel and Meetings:** This category expenses related to conferences and meetings and to reimbursements for travel expenses while on AFO business

(1) **Conferences and Meetings:** This line item represents registration fees for conferences and training sessions offered by AFT and AFT-Michigan. The Executive Board and Finance Committee are recommending that \$360 be budgeted for such expenses in FY 2011-12 at the rate of \$30 per month.

(2) **Travel:** This line item includes costs related to travel on AFO business. AFO officers, members, and staff will be reimbursed for out-of-pocket expenses incurred while conducting union business according to the provisions of the AFO's Travel and Entertainment policy (available through our website). The Executive Board and Finance Committee are recommending that \$6,000 be budgeted for such expenses at the rate of \$500 per month.

Bottom Line: Based on this preliminary budget, total income for the fiscal year July 1, 2011 – June 30, 2012 will be ~~\$156,500~~157,140 compared to expenses of ~~\$128,830~~131,230. If both income and expense projections are right on target, the AFO would realize an operating surplus of over ~~\$27.94~~25,910 for the upcoming fiscal year. As previously discussed, the Executive Board and the Finance Committee recognize that our dues and fees can be reduced, but we must be prudent and conservative regarding the amount.

Thank you for your consideration of our final budget proposal!