



**UNION OF PART-TIME FACULTY (UPTF) Local 477 at Wayne State University**

**AFT / AFL-CIO**

**Budget Narrative and Information for 2022-2023**

The UPTF receives its income primarily from dues paid by members and fees paid by fair share members. By federal law, all part-time faculty in our bargaining unit are covered by our contract, whether or not they are members.

The income is used to cover operating expenses and per capita fees paid to our affiliates and to generate an operating surplus which is explained below. By the end of our 14th fiscal year of operations, June 30, 2022, the UPTF will have generated a cumulative surplus of approximately \$80,000. As will be explained more fully below, it is expected that the organization will see small or no operating surpluses in the future.

The surplus is needed for both unexpected expenses such as legal expenses and periodic major expenses such as arbitration expenses. Our stated goal was to have a general operating surplus equal to or greater than three months of operating income (about \$50,000) plus \$30,000 for legal expenses and other emergencies. This is standard practice for all non-profit organizations. Our projected year-end surplus of \$80,000 means that we have reached that goal. Approximately \$35,000 of these funds are invested in laddered CDs, creating a balance between readily available assets and interest-earning savings.

Unfortunately, our foreseeable budgets going forward will have very little margin built into them despite our dues increase passed by the membership in anticipation of the Supreme Court's ruling that came in June 2018. This ruling resulted in the UPTF losing virtually all of its Fair Share, or Agency Fee, members at that time. As of now, about 7% of the bargaining unit has reaffirmed their Fair Share membership and continue to pay the Fair Share fee. The result is that about 57% of the bargaining unit are now either full members or fair share members. However, even this level of membership is the result of a continuing organizing effort by member organizers.

Our current budget (fiscal year 2021-2022) was approved by the membership one year after the COVID-19 pandemic began. In the first year of the pandemic, we reduced expenses for several months. In our current fiscal year, our expenses increased slightly as more part-time faculty returned to teaching in person, and we returned to face-to-face organizing.

Over the next fiscal year (2022-3) we cautiously expect income to remain steady or to increase modestly, having already weathered the worst of the impact of the pandemic. Our dues and fees income is based on the salary paid to part-time faculty. The number sections offered to part-time faculty will depend on the number of students enrolled in classes at Wayne. Those numbers are currently unknown.

**Fiscal Year 2021-22 Income Estimate**

Under Article IX.3 of the UPTF Constitution (as amended), membership dues are currently set at 2.3% of income and agency fees at 1.95% of income. Everyone in the bargaining unit will receive a salary increase in August 2022. Based on the PTF's salary step, the increase will be between 1-4% individually. Our current collective bargaining agreement ends on July 14, 2023, after the end of the fiscal year. Historically, we have had increases in each year of our contract, but we will not be able to predict future salary increases until our next collective bargaining agreement is ratified.

The anticipated income shown in the chart that follows is based on the following assumptions:

- 1) the number of dues payers will hold steady to increase modestly; the number of Fair Share members will decline slightly. The slow growth to modest decline is mostly a result of the significant turnover in unit members each semester. Newer members of the bargaining unit have no experience with how things were 15 years ago, and do not realize the significant changes in wages and working conditions negotiated in our successive collective bargaining agreements;
- 2) we are uncertain of the size of our bargaining unit for Fall 2022 but have planned for it to increase slightly. Previous declines have been related to the new Gen. Ed. Requirements and the effect of the pandemic. However, the new Gen. Ed. Requirements have been in place long enough that their effect has already been felt. Barring unforeseen changes in the pandemic, the university administration seems focused on returning to a largely in-person teaching environment in Fall 2022. We cannot predict what effect this will have on enrollment or how our bargaining unit will respond to the administration’s goal to return to in-person classes. That said, we are likely to feel the effect of the ‘demographic cliff’ play out on campus soon. The declining birth rate in the early 2000s means that there are simply fewer students available to enroll in any university in Michigan. Our current fiscal year income is projected to have a modest increase over our initial estimates, and with that in mind, we expect a modest increase in the next fiscal year as well.
- 3) interest income, earned via our laddered CDs, will total about \$650 annually;
- 4) this budget is based on the presumption that, while we will participate in the AFT-Michigan Member Organizing Institute, which helps to offset the cost of compensating member organizers.

Based on the assumptions listed above, the projected total UPTF income for FY 2022-23 is estimated to be almost **\$156,000**. This budgeted income for the coming fiscal year is the same as actual income in the current FY through February and then projected for March through June. These, of course, are assumptions that we refine as we get closer to the end of the fiscal year. In 2020-21 our income was lower than budgeted. At this point, it looks like our actual income for 2021-22 will be higher than budgeted. Accordingly, for FY 22-23, we have slightly raised our estimates of both income and expenses.

As an examination of the Estimated Expenses table will show, UPTF expenses fall into seven major categories: (1) Per Capita Payments, (2) Parking, (3) Personnel, (4) Contract Services, (5) Operations, (6) Travel, Meetings & Member Services, 7) Donations. For each category, two columns are shown. “Projected” is the projected expenditure for the category in the current fiscal year (FY July 2021- June 2022) as of March 01, 2022. “Proposed” is the amount being recommended for the upcoming fiscal year budget. A category-by-category explanation of the estimated expenses for each of the six categories follows:

	<b>Adopted Budget</b>	<b>Projected Actual</b>	<b>Proposed Budget</b>
	<b>2021-22</b>	<b>2021-22</b>	<b>2022-23</b>
<b>REVENUE</b>			
<b>Total Revenue</b>	\$150,000	\$152,000	\$156,000
<b>EXPENSES</b>			
<b>Per-Cap Payments</b>	\$55,122	\$57,367	\$55,849
<b>Parking</b>	\$1,800	\$1,000	\$1,500
<b>Personnel</b>	\$81,650	\$85,500	\$87,100
<b>Office Operations</b>	\$4,500	\$4000	\$4,443

<b>Member Services</b>	\$2,575	\$575	\$575
<b>Donations</b>	\$4,000	\$4,000	\$4,100
<b>Total Expenses</b>	\$149,647	\$154,442	\$153, 567
<b>GRAND TOTAL</b>			
Under (Over) Budget	\$353	(\$442)	\$2,433

*(In March, 2021, we proposed a budget of \$150,000 in revenue and \$149,647 in expenses for FY 2022 (2021-22 budget). As you can see from the first column above, it currently looks like we underestimated revenue by almost \$2,000 and expenses by about \$5,000. Still, with four months to go in the FY, the estimates for the current year should be treated cautiously.)*

### **Fiscal Year 22-23 Expense Estimates**

- **Per Capita Payments:** Per capita payments are one of our two biggest expenses. The UPTF is affiliated with the American Federation of Teachers (AFT) and with AFT-Michigan (AFT-MI). 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 UPTF during our organizing drive and first contract campaign, assist us with legal advice, training, 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 UPTF purchases accidental death and dismemberment and occupational liability insurance for UPTF members through the AFT, but not for Fair Share members or non-members.
  - The cost of these per capita payments and insurances varies each month because the number of individuals in the UPTF bargaining unit varies considerably from month-to-month. The size of the UPTF bargaining unit is greatly reduced during the spring-summer terms in comparison to the fall and winter semesters. Per capita payments are a fixed amount per member and in the case of the American Federation of Teachers and AFT- Michigan the amount of the payment varies according to the member's income.
    - For example, depending upon an individual member's annual income, we pay either full dues (currently \$19.98), half dues (currently \$9.99), quarter dues (currently \$5.00), or eighth dues (currently \$2.50) to the AFT monthly for each member. To AFT-MI we currently pay 0.04% of monthly gross salary for members and fair share payers. These rates reflect an increase that took place in September 2021. We do not currently expect a rate increase in September 2022; however, there will likely be an increase in 2023, and we will likely need to increase the dues and fees rate to be effective August 2023.
  - The UPTF does not make per capita payments on behalf of fair share members to either the Metro Detroit Council or the State Council of the AFL-CIO. However, the UPTF does make per capita payments to AFT-Michigan on behalf of fair share members. This voluntary fair share per capita is currently at 0.04% of monthly gross salary for fair share members (as stated above). These fees, after the SCOTUS ruling in June 2018 (*Janus v. AFSCME*), are entirely voluntary and are directly tied to contract enforcement and do not include costs associated with the political activities of the Union.
    - As a condition of our percentage-based payments to AFT-Michigan, we engage in reconciliation once a year to confirm that we have accurately paid our dues. This

was the first year of reconciliation, and it encompassed two years. We were determined to owe AFT-Michigan a total of \$5,900. This cost increased our per cap payments for FY 2021-2022. A reconciliation cost of \$2,950 has been added to our proposed per cap expenses for FY 2022-2023.

- The UPTF purchases a fidelity bond through the AFT to protect the membership from any mistakes made or crimes committed by UPTF fiduciaries that result in financial loss to the UPTF membership. The cost of this bond is \$65 per year and will be paid in March. During FY 2020-21, AFT National covered the cost of the fidelity bond for all unions.
- The expense estimates in this category are based on the same assumptions regarding size and make-up of the bargaining unit as were used to produce the income estimate. If income is over- or under-estimated, per capita and insurance payments expenses will be over- or under-estimated by the same factor
  - Expenses go both up, and down, faster than income. We conclude that the slight increase in the overall size of the bargaining unit, both because of more people employed and new people declining representation, will result in per cap payments to our affiliates in FY 2022 of about **\$57,367**. We anticipate that per cap payments in FY 22-23 will decrease slightly to **\$55,849**.
- **Parking:** Providing semester parking passes for our twelve-month employees who drive to campus will cost the UPTF about **\$1,500** in FY 2022-23. In FY 2021-22, our parking expenses were lower, as our employees were re-imbursed for parking for each day they were on campus until Fall 2021, when the return to in-person classes necessitated the use of parking passes again. Our employees are also Part-time Faculty. Thus, the University funding for Part-Time Faculty parking helps to reduce the cost of their parking.
- **Personnel:** As you can see, personnel costs are our largest expense. Technically, the UPTF contracts with AFT-Michigan to handle our payroll without any charge to the UPTF. AFT-Michigan therefore pays our employees; deducts, and then forwards payroll taxes; issues W-2 forms and so forth. The UPTF Local, however, makes the decisions regarding the hiring, assigned work, supervision, number of employees, wages, and hours. It takes a lot of time and effort and a certain amount of expertise to run a local union, especially one that is the size of the UPTF and one that experiences the turn-over we do. The UPTF could not continue to operate in the absence of paid staff.
  - Our high level of turnover within the bargaining unit has been mentioned previously; only by constant organizing can we keep our full and fair share membership at, or near, 57%.
  - The Executive Director is responsible for administrative duties ranging from managing meetings by scheduling them, proposing the agenda, and tracking employee issues, and addressing member concerns and complaints, to supporting the Treasurer with monthly, periodic, and annual financial processes. She also coordinates the union's organizing effort and manages the UPTF database. Nancy Welter was hired as full-time Executive Director in July 2021 after a period of six months as Interim Executive Director. With benefits and payroll taxes, total compensation for the Executive Director will be about \$60,100.
  - The UPTF also employs the Treasurer for work both as Treasurer and as an additional Part-Time Organizer (PTO) for 11 hours weekly. We will continue that expense. Approximately 5 of the compensated hours are for treasurer-related work, the rest for organizing members.
  - We have budgeted a 1.5% salary increase for both the Treasurer and Executive Director. Traditionally, UPTF has matched the annual salary increase negotiated in the collective bargaining agreement for each year with the same increase for UPTF employees.
  - Altogether, we have budgeted **\$87,100** in salaries, benefits, and payroll taxes. This amount is paid to employees by AFT Michigan and then billed to the UPTF.
- **Office Operations:** This category includes expenses related to operating the UPTF and includes sub-categories: (1) Occupancy Overhead; (2) Postage/Mail; 3) Office Supplies; 4) Printing and Copying; 5) Furniture/Equipment; 6) Bank Fees; 7) Miscellaneous; (8) IT, software & Licenses.

- Currently, the Local has space in the Suite that the full-time faculty local, the American Association of University Professors-American Federation of Teachers (AAUP-AFT), rents from the university. We share the space with the Graduate Employees' Organizing Committee (GEOC). We don't pay rent for the space, but rather pay our portion of the overhead for the office—lights, paper and toner for the copier, and other supplies that are made available to us from paper clips to coffee and water. This **overhead** is set at \$292.00 monthly, or \$3,504 annually, unchanged since we occupied the space in January 2008.
- **Postage and Mail** is set at \$100.00 next year;
- **Office Supply** costs are budgeted at \$150.00 in FY 2022-23,
- **Printing and Copying** includes the cost of printing business cards and new membership cards. Next year's expense will be small, an anticipated \$250 for business card reprints.
- We do not anticipate any **Furniture and Equipment** expenses.
- **IT, Software, and Licenses** expenses are budgeted at \$439.00 in FY 2022-23.
- Altogether we have budgeted **\$4,443** for **Office Operations** in FY 2022-23.
- **Member Services:** This category includes expenses related to conferences, conventions, meetings, hotels, and reimbursements for travel expenses while on UPTF business, as well as refreshments or food costs at union meetings. We have budgeted funds for Member Services accordingly in the amount of \$175 for hospitality. In addition, we have budgeted another \$400 for stipends for the Grant and Audit committee members not otherwise compensated by the union. Our proposed budget for the fiscal year includes the cost of airfare for delegates to the National convention. The travel itself would have taken place during FY 2022-23. This expense has been removed from the project budget for FY 2021-2022, as it would have increased the budget deficit for the year. Without the expense of funding delegates to the 2022 convention, this category is budgeted at \$575 for FY 2022-23.
- **Donations:** The UPTF has funded a scholarship in the amount of \$2,000 annually. We also have provided \$2,000 for the [Ralph Bunche Summer Institute](#) program through the Center for Peace and Conflict Studies at Wayne State University. In addition, besides marching, we have historically provided some money to the AFL-CIO Metro to help to cover the expenses for the Labor Day parade, and we will give \$100 to the AFL-CIO Metro. For FY 2022-23, we propose \$4,100 in donations.

### **Bottom Line**

Based on this proposed budget, total income for the fiscal year, July 1, 2022 – June 30, 2023, will be **\$156,000** compared to expenses of **\$153,567**. If both income and expense projections are right on target, the UPTF would realize an operating surplus of **\$2,433** for the upcoming fiscal year. With the uncertainties of enrollment and the size of the UPTF bargaining unit, this projected surplus should be regarded with some caution.

*Thank you for your consideration of our final budget proposal! This budget was approved by the Union Council and is now before the UPTF membership for their consideration. It will be voted on at the UPTF Membership meeting on March 25, 2022.*