UAUO Budget and Financial Report for June 2014

This report explains the financial operations of UAUO from adoption of the contract on October 8, 2013 until June 30, 2014. It also explains the FY 2014-15 budget adopted by the UAUO Executive Committee at its June 13, 2014 meeting. This budget is advisory: the line item categories are for the purposes of guidance and transparency.

The initial 2013-2014 budget, based on the FY ending in November is posted on the UAUO website at http://www.uauoregon.org/documents/budget/ as UAUO Budget 2013-14. That spreadsheet also includes a second column giving our estimated 2014-15 budget, also based on the November start date. The new budget is posted as UAUO Budget 2014-15. We will post this document at the same location. We will also post updates on a quarterly basis, showing actual expenditures in the line item budget categories used in the spreadsheet.
As required by law UAUO will hire an outside auditor to review our books at the completion of the FY, and that audit report will also be posted.

On October 8, 2013 the UAUO membership voted to ratify a CBA with the UO Administration. Prior to contract ratification the costs of organizing and bargaining were borne by our AFT and AAUP affiliates. After ratification UAUO was able to start collecting dues from its members and fair share payments from the non-members in the bargaining unit, and became responsible for its own financial affairs.

We had originally planned to start our fiscal year on November 1, but then decided to start it on July 1, so as to be in sync with UO. Therefore this report is for a partial fiscal year, while the new budget and the forecasts are for a complete year.

The spreadsheet showing the original 2013-14 and the 2014-15 forecast, and that for the new 2014-15 budget, are not directly comparable. In addition to the change in the starting date of the FY, and some rearranging and renaming of categories to follow actual practice, there are some substantive changes. Most significantly, the original budget had us paying higher per cap payments to AFT-Oregon, and then getting a rebate of 40% of these payments. This rebate was shown under revenue. AFT-Oregon has now lowered their per cap charges by the amount of the rebate, simplifying our accounting. In addition, the original budget had a half-time office support person, while we have actually decided to hire a full-time one. This has worked out well.

The original budget also included $48K for course buyouts during bargaining. We no longer expect to incur that cost, because we expect the FTE buyouts we negotiated with the UO Administration (or as some prefer we call it, “The University”) to suffice. There are other minor changes in revenue and costs as well, as was expected given the uncertainties in starting from scratch.

We now give a summary the overall financial situation as of July 1, 2014, and a forecast of revenue, expenditures, and reserves for June 30, 2015.

Revenues:

Union revenue comes from dues from union members and "fair share" payments from non-members who are in the bargaining unit. These are deducted monthly from paychecks and apply to all taxable income including stipends and summer pay. At the October 8th contract ratification meeting the membership voted to set the dues rate at 1.1% of pay, on advice of the Finance Committee.

People who are in the bargaining unit but who decide not to join the union ("fair share payers") pay the same 1.1% as members. However, they can object to the portion of their payments that go to non-bargaining and enforcement uses, and become "objectors". The union is obligated to make payments equivalent to the estimated expenditures on non-bargaining/enforcement costs to these objectors, prior to the deduction of their fair share payments. We estimate that we will have about 100 objectors for the coming year. We will pay 20% of fair share payments to these objectors, at a cost of about $20K, before they make their FS payments. We predict revenue for 2014-15 FY, net of these objector payments, to be about $1,102K.

Expenses:

UAUO's largest expenses are the "per cap" payments to our affiliates, the American Federation of Teachers and the American Association of University Professors. Both of these unions have national and state organizations. In return, the affiliates provide some subsidies for conferences, some support for bargaining and arbitration, and pay for some of UAUO's legal costs. AFT-Oregon also pays a portion of our office costs and salary for our office support staff person. AAUP and AFT also lobby the state and national government in support of education and public employees. Because of our joint affiliation we receive discounts on per caps from each affiliate. We pay 2/3 of the normal rate to the AAUP, 1/2 of the normal rate to AFT-National, and 3/5 to AFT-Oregon. (This AFT-Oregon discount is scheduled to expire in 2 years, which will increase per cap payments by roughly $90,000 annually.) For the 2014-15 FY we expect these per cap payments to be about $666K. The per cap payment rates are set by the affiliates.

Our main local expenses are office expenses, staff, and union local expenses. Office expenses including rent, copier lease, etc., are expected to be about $34K next year. We have a full time Executive Director (David Cecil) and a full-time office support person (Kristy Hammond). Their salary, benefits and related costs total $167K. UAUO local expenses include sending union members to AAUP and AFT meetings and workshops (including meetings where we can vote on leadership and policies) and mailings, legal advice, audits, etc., and we expect this to be $107K. All in all, local expenses are expected to be $308K.

Summary and forecasts:

In the draft budget prepared in October, we expected to end the then planned FY in October 2014 with a $68K surplus. This was a very rough estimate, due to the many uncertainties with a new local. Over the 9 months since then we have had slightly higher revenue and slightly lower expenses, and we expect to end the FY on June 30th with about $140K in reserves.

For the coming FY, our forecasted revenue of $1,102K minus forecasted per cap payments of $666K, and $308K in local expenses, will mean a predicted surplus of $127K.

Overall then, we currently expect to have reserves of $267K by June 30, 2015 or roughly 30% of annual expenses. Given the uncertainties in expenses and income it seems prudent to accumulate some reserves, and this level does not seem excessive. In particular, an expensive grievance or series of grievances over contract enforcement, or other legal costs, could easily have a large impact on reserves of the currently forecasted amount.

Approved by:

Bill Harbaugh (Economics, UAUO Treasurer and Finance Committee Chair)

UAUO Finance Committee members:
Alex Dracolby (History)
Michael Dreiling (Sociology, UAUO President, ex-officio)
Kira Homo (Library, UAUO Secretary)
Deborah Green (Judaic Studies)
Larry Wayte (Music)