

**UAUO Finance Committee Financial Report for the 2016-17 Fiscal Year
and
Budget for 2017-18.**

The UAUO Constitution requires that the Finance Committee prepare and recommend an annual budget to the Executive Council for approval, and that the EC submit this budget to the Representative Assembly for approval. The Representative Assembly approved the 2017-2018 budget on May 8th 2017. It is posted along with prior budgets and annual reports, quarterly budget reports, and annual external audits at <http://www.uauoregon.org/documents/budget/>.

The budget spreadsheet has 4 columns, showing:

- 1) the 2016-17 budget as adopted,
- 2) YTD revenue and expenditure as of March 31, 2017,
- 3) a projection to the end of the 2017 fiscal year, and
- 4) the 2017-18 budget.

It begins with a summary, followed by a detailed budget. We now provide explanations of revenue, expenditures, and then a summary of the overall financial situation.

Revenues:

Union revenue comes from dues from union members and "fair share" payments from people in the bargaining unit who have not signed union membership cards. The fair share payments reimburse the union for activities undertaken in support of all bargaining unit members. Dues and FS are deducted monthly from paychecks and apply to all taxable income including stipends and summer pay.

At the October 8th 2013 contract ratification meeting the membership voted to set the dues rate at 1.1% of pay and that rate has been maintained unchanged since. Union members and fair share payers pay the same 1.1%. However, fair share payers 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 predict revenue for the 2017-18 FY, net of these objector payments and including a subsidy we get from AFT-Oregon for office costs, to be ~\$1,341K.

Expenses:

UAUO's largest expenses are the "per cap" or representation and affiliation payments to the national and state organizations of our affiliate organizations, the American Federation of Teachers and the American Association of University Professors. In return, the affiliates provide some subsidies for conferences and training, 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, and they use the office part-time for an AFT organizer.

AAUP and AFT also use per cap payments to lobby the state and national government in support of education and public employees. Because of our joint affiliation with the AAUP and AFT we get a discount on per caps from each affiliate. Net, we expect these per cap payments to be ~\$828K, a \$124K increase from what we expect to spend for 2016-17.

The expenses for operating our UAUO Local are categorized as office expenses, union expenses, and staff expenses. We are budgeting a total of \$458K for these expenses, an increase of \$65K over what we expect to spend for 2016-17. We expect that actual expenses, particularly for conferences and legal costs, may be less than this budgeted amount.

Summary:

We are on track to complete the 2016-17 FY with about \$574K in reserves. For FY 2017-18 we are budgeting for a surplus of about \$55K, which should increase reserves to about \$630K. Given the possibility of legislation or court decisions that might eliminate fair share payments from bargaining unit members who have not joined the union, it seems prudent for the union to hold adequate reserves.

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