

Report and Recommendations to the SEIU Local 73 Committee on the Future
from the Subcommittee on Finances

April 25, 2018

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Findings:

I. The local was in serious financial trouble when the trusteeship was established. The local was only able to pay its bills in 2016 by borrowing money and taking a one-time payment of \$101,357 from the International Union Strike and Defense Fund. The situation was unsustainable. Prior to the trusteeship:

A. The local entered into a long-term lease for office space at 300 South Ashland Avenue that obligates the local to pay almost \$900,000 per year for 2 floors of space. The lease expires in 2028.

B. Equipment Lease. The local entered into a long-term lease for office equipment that requires the local to pay for many more copiers and printers than are necessary (19 machines) at a very inflated price. This is costing the local \$250,000 per year and the lease expires in 2025.

C. Real Estate: The Springfield building is underwater with \$428,000 in what is owed and value is about \$300,000. The Gary building is mold infested but there is nothing owed. We are hoping to sell the building for around \$20,000; there is one offer on the table for \$10,000.

D. Former executive board members report that there was a lack of transparency with regard to finances. Major expenditures including large political contributions were made without a vote of the Executive Board.

II. At this time the local's finances are in better shape with enough cash on hand to pay approximately 2 months of expenses. The local was able to save money in part due to one-time savings from staff vacancies as well as the fact that the local has not had to pay the salary of any officers. (The trustees are not paid by the local.) The Janus decision is expected to result in a loss of revenue of at least 15% for the local. Ideally, the local would be putting money aside so that it could have the reserves needed to wage a major campaign or strike. (There is no Local 73 Strike Fund currently.) For this reason the sub committee is recommending that the local continue to pursue every opportunity to eliminate unnecessary expenditures including the specific recommendations that follow.

Recommendations for New Local 73 Constitution and Bylaws

1) Article XIV Board of Trustees

The subcommittee is recommending that there be a Board of Trustees composed of 5 trustees; these 5 members should be NON-STAFF members of Local 73. The regular term of office shall be two (2) years of office but initially 2 shall be elected for a 1 year term and 3 shall be elected for a 2 year term so that terms are staggered. The executive board will elect trustees from candidates who indicate that they would be willing to serve in that capacity. The local will publicize the opportunity to serve as a trustee to all members prior to the first meeting of the Executive Board. The duties of the Board of Trustees are to review financial reports quarterly and report the Executive Board quarterly on their findings. It shall also be the duty of the Trustees to examine the certified audit of the books of the Local Union and at least annually take an inventory and verify the securities, investments, bank accounts and cash funds on hand. It shall be the duty of the Trustees to see that the funds of the Local Union are deposited in one or more reliable banks or financial institutions. There must be at least three (3) Trustees present in order for the Board to act with full authority to carry out the duties imposed by this Article. The Board of Trustees will have the duty to report any negligence or irregularities of the officers to the International Union. The members of the Board of Trustees will be required to participate in appropriate training which shall be provided by the local union.

3) Article VI Secretary Treasurer

The subcommittee is recommending that Section 2 read as follows:

Financial and Membership Duties. The Secretary-Treasurer shall receive all monies of the Local Union and deposit the same in such banks as may be designated by the Executive Board. The Secretary-Treasurer shall draw and sign checks for all expenditures, which shall be paid upon approval and co-signature of the President. The Secretary-Treasurer shall submit an annual budget for the Local to the Executive Board for approval. The Secretary-Treasurer shall provide a copy of monthly financial statements to the Executive Board together with an explanation for any variance from budget. The Executive Board shall vote on purchases, leases, and other long-term financial commitments of over \$100,000. Before the local makes a purchase of goods or non-professional services over \$25,000 it shall secure at least 3 competitive bids.

4) Article XVII Dues, Initiation Fees and Assessments

The subcommittee recommends eliminating the provision for initiation fees (change title of article as well) because they have not been consistently applied and because they are a disincentive to joining in a voluntary membership environment.

5) Article IV Section 3 Executive Board

The subcommittee recommends that there will be no stipend for being a member of the executive board; there will be reimbursement for travel expenses, lost wages, etc.

6) Article XXIII Section 2 COPE

The subcommittee recommends that there be some mechanism for the members of the Executive Board or the Committee on Political Education to vote on contributions to political candidates endorsed by the Local in a way that can be done consistent with time restraints

Recommendations to the Future Officers of Local 73

1) Reduce Unnecessary Spending

- a. Sublet a floor at 300 South Ashland Office if possible (projected savings approx.. \$350,000/year)
- b. Renegotiate or terminate leases for unneeded office equipment.
- c. Explore selling or re-configuring the Springfield office so that some or all of the space can be rented out (The local would need to rent space at another smaller location if it sold or rented out the entire building if that is most cost effective way to generate revenue.)

2) Dues. The subcommittee recommends:

- a. After the Local returns to self-governance the new officers and executive board do a thorough study of what revenue is needed to sustain a strong union and the most equitable way to raise the necessary funds. The current dues structure varies tremendously. The Local should develop a more equitable dues rate that is consistent amongst members and will meet the needs of the membership for a strong organization.
- b. The Local should establish and maintain a consistent standard of dues for newly organized units that is consistent with the standards provided for in the International Union constitution. (The Waiver from the International Union Constitution dues requirements should not apply to newly organized units.)
- c. The Local should prepare a list of any bargaining units where some or all of the members have been granted "deferrals" which permit members to work and remain in good standing without paying regular dues. The Local should develop

a policy that will require these members to pay dues as soon as practicable. This issue should be addressed before completing the comprehensive review of dues provided for in a) above.

- 3) COPE. The subcommittee recommends that the new officers establish a system to audit and report on COPE funds collections and disbursements. Bylaws stay at same