

ALASKA PUBLIC EMPLOYEES ASSOC. /AFT 2006/07 AGENCY FEE REPORT

This information is confidential and it is provided to bargaining unit members as a condition of Agency Fee pursuant to the requirements of the United States Supreme Court decision, Hudson V. Chicago Teachers Union. The information is proprietary and is meant solely for the persons in the bargaining unit represented by the Alaska Public Employees Association/AFT and is not for public dissemination.

This report is designed to determine the portion of APEA/AFT's expenditure in **2006/07** that are properly chargeable to Agency Fee payers who have objected to paying fees beyond their pro-rata share of the Association's cost of activities germane to collective bargaining.

The financial information in this report is obtained from the following sources; APEA/AFT's FY 2006/07 budget, the 2005 independent audit of APEA/AFT's FY 05 financial records prepared by Lockitch Clements and Rice, a certified public accounting firm and AFT's 2006/07 Agency Fee report and independent audit. The report identifies the amount, if any, in each category of expenditure which would be considered Non-Chargeable or otherwise may properly be considered inappropriate for use of Agency Fees collected from employees who have objected to such expenditures.

The 2007 Agency Fee report sets forth the Association's activities and the budgeted expenditures associated with each activity for the period July 1, 2006 - June 30, 2007 the current period during which Agency Fees will be collected. The expenditures are categorized by General Ledger accounts used by the Association to keep track of expenditures. Within each account class is a brief description of the nature of that account and the type of expenditures included. The chargeable percentage is stated after each expenditure account. Non-Chargeable expenditures are also broken down.

At the end of this report, the amounts determined to be subject to exception as not germane to collective bargaining are calculated to be \$333,783 which is 14% of the Associations FY 07 budgeted expenses. A 1% contingency fee has also been added to ensure against unexpected expenses that may be considered Non-Chargeable.

APEA/AFT thus concludes that for FY 07, 15% of expenditures will be Non-Chargeable and 85% of such expenditures will be Chargeable to objecting Agency Fee payers. **The Associations determined Agency Fee reduction amount for FY 07 will be \$7.97 per month.**

BREAKDOWN OF APEA/AFT EXPENDITURES BY GENERAL LEDGER CATEGORIES

SALARIES AND EMPLOYEE BENEFITS: (95% Chargeable, 5% Non-Chargeable)

This category covers all salary and benefits for the employees of APEA/AFT. It covers wages, FICA, Medicare, FUTA, ESD taxes, health and life insurance, workers compensation insurance, retirement expenditures, etc. The staff administers; contracts, negotiations, grievance/arbitrations and general administrative support to carry out the mission and objectives of APEA/AFT. Non-chargeable expenses are as follows: 25% (\$37,869) of expenses associated with the Business Manager, 5% (\$5,376) of expenses associated with SE Supervisor, 42% (\$35,653) of expenses associated with Classification officer, 25%. Budgeted FY 07 \$1,453,030. The amount considered Non-Chargeable for FY 07 is \$78,898. Amount considered Chargeable is \$1,374,132.

GENERAL ADMINISTRATIVE EXPENDITURES: (98% Chargeable, 2% Non-Chargeable)

Includes postage and freight expenses, phone charges, supplies, insurance and liability charges, legal fees and retainers, audit and financial counsel charges. 25% (\$1,250) of Business Managers expense account is considered to be Non-Chargeable. Agency Fee refund is an offset to dues income and is not included in the expenses total. Budgeted FY 07 \$182,975. Amount considered Non-Chargeable for FY 07 \$1,250. Budgeted FY 07 and considered Chargeable is \$181,725.

BUILDING EXPENSES (100% Chargeable)

Includes property tax, utilities and maintenance, rental expenses for occupied buildings, comprehensive and liability insurance. Budgeted FY 07 and considered Chargeable is \$162,724

DATA PROCESSING AND EQUIPMENT (100% Chargeable)

Includes cost associated with the repairs, maintenance and purchase, of office and computer equipment of the Association. Budgeted FY 07 and considered Chargeable is \$48,989.

COMMUNICATIONS (41% Chargeable, 59% Non-Chargeable)

Included in this category are expenditures related to keeping the membership informed of the activities of the Association, Employee representative training, mail-outs etc. Also included in this category is the Association newsletter the "Public Employee" the publication may contain articles that are political or ideological in nature so therefore the expenditures will be considered to be 100% Non-Chargeable. FY 07 portion attributable to "Public Employee" publication \$30,000. The total amount budgeted for Communications in FY 07 is \$50,552. Amount considered Non-Chargeable for FY 07 is \$30,000. Budgeted for FY 07 and considered Chargeable is \$20,552

GRIEVANCE AND ARBITRATION (100% Chargeable)

Activities that relate to administration and enforcement of the contracts once negotiated include; all aspects of handling grievances or arbitrations under the contracts, including preparation, participation and follow up, internal APEA/AFT arbitration appeals, and any appeals or other proceeding (including

court litigation) involving enforcement of the contracts; all aspects of the job steward program, including steward training supervision, activities and meetings; providing information to employees through worksite meetings, mailers or otherwise about their rights under the contracts, the grievance arbitration process, and problems or questions about contract administration issues; handling employees' questions and complaints on contract rights, grievances and other contract administration issues; meetings, phone calls and correspondence with representatives of the employers to discuss the interpretation of the contracts generally or to discuss particular grievances or problems under the contracts; other meetings devoted to discussion of problems relating to administration or implementation of the contracts; and education, research and training related to grievance handling and other aspects of contract administration.

Budgeted FY 07 and considered Chargeable is \$75,121.

NEGOTIATIONS (100% Chargeable)

This activity encompasses the development, presentation and ratification by employees of contract proposals. Such activity includes: formulation of bargaining goals, priorities and proposals, together with related research and drafting of supporting arguments; Negotiating committee meetings and other meetings devoted to discussion of contract proposals, negotiations or ratification; process of receiving input from bargaining unit employees through surveys, work-site meetings or other means regarding matters to be negotiated, including worksite committee development and meetings in support of bargaining; education, research and training related to contract proposals, negotiations or ratification, including training and orientation of Bargaining Unit members; negotiation of the contracts; participation in any impasse procedures related to contract negotiations (i.e., fact finding, mediation or arbitration); ratification by the bargaining units; preparation and distribution of materials such as flyers, draft contracts, reports and other publicity work (both within and outside the Association, including public and media relations) regarding the status of contract proposals, negotiations and ratification; leafleting, demonstrations and job actions related to contract proposals, negotiations and ratification; and litigation arising out of activities in support of the Association's position on contract proposals, negotiations or ratification. Budgeted FY 07 and considered Chargeable is \$67,948.

MEETING EXPENSES (100% Chargeable)

All aspects of preparation for, participation in and follow-up to Board of Directors and Officer meetings, Biennial Caucus meetings, Finance Committee, ULI summer institute training and leave reimbursement for Officers attending meetings. Budgeted FY 07 and considered Chargeable is \$159,880

EPIC DUES CONTRIBUTION (100% Non-Chargeable)

Dues (.75 per month) collected by the Association to fund the Political arm of the Association. 100% Non-Chargeable. Budgeted for FY 07 \$63,704. Amount considered Non-Chargeable for FY 07 is \$63,704 (100%).

ORGANIZING (100% Chargeable)

All activities to obtain new members in bargaining units or divisions that are currently represented by

APEA/AFT, including the cost of meetings held principally for that purpose as well as the costs of recruitment material, travel expenses, etc. Budgeted for FY 07 \$0. Amount considered Chargeable for FY 07 is \$0 (100%).

AMERICAN FEDERATION OF TEACHERS AFFILIATION EXPENDITURES (Per caps 67% Chargeable, 33% Non-Chargeable. All other expenses are 100% Non-Chargeable). The percent of the AFT per caps that are Non-Chargeable are determined by the American Federation of Teachers. See enclosed AFT audit for specific details. For FY 07 67% of AFT national per caps are considered Chargeable 33% is considered Non-Chargeable. The expenditures budgeted for AFL/CIO per caps, AFL/CIO & AFT travel and meeting costs, etc., total \$159,931 and are considered 100% Non-Chargeable.

CONTINGENCY ALLOWANCE

To ensure against the possibilities that there will be some unexpected variations between Chargeable and Non-Chargeable expenditures, APEA/AFT has added a 1% cushion in the percentage allocated to Non-Chargeable expenses.

RECAP OF NON-CHARGEABLE EXPENDITURES

Salary and Benefits	\$78,898	
Administrative Expenses	\$1,250	
The Public Employee	\$30,000	
EPIC dues	\$63,704	
AFT expenses	<u>\$159,931</u>	
Total Non-Chargeable FY 07	\$333,783	(14% of total budgeted expenses)
Total Chargeable expenses FY 07 \$2,091,069 (86% of total budgeted expenses)		
*Total Budgeted expenses FY 07 \$2,424,852		
*Does not include: AFT per caps, reserves and Agency Fee Refund.		

PROCEDURE USED TO CALCULATE AGENCY FEE AMOUNT

	APEA/AFT	AFT (Avg. National Per caps)
Monthly Dues ----->	\$37.80	\$7.00
Multiply by % Non-Chargeable *A 1% cushion has been added to the Non-Chargeable percentage.	*15.0%	32.87%
Non-Chargeable portion	\$5.67	\$2.30

\$5.67+2.30 = \$7.97 Non-Chargeable portion of APEA/AFT dues for FY 07.

Based on the analysis of the attached financial documents, the Association concludes that for FY 07 a dues reduction of \$7.97 per month will be sufficient to cover the pro-rata costs attributable to Non-Chargeable expenses effective July 1, 2006 - June 30, 2007.

BRUCE J. LINDING
Business Manager, APEA/AFT

5/19/06
Date