

ASSOCIATION OF FLIGHT ATTENDANTS-CWA, AFL-CIO
FORTY NINTH BOARD OF DIRECTORS MEETING
MAY 13-15, 2022
LAS VEGAS NEVADA

SUBJECT: Budget Preparation (Section IV.G.1.)

STATEMENT OF QUESTION: Should Section IV.G.1. be amended to address the Budget Preparation process during economic downturns?

SOURCE AND DATE SUBMITTED: Strategic Planning Committee (SPC), April 13, 2022

BACKGROUND INFORMATION:

The proposed change to the AFA-CWA Policy Manual would add guidance on budget preparation in times of declining dues revenue.

As this change is oriented toward future budget proposals, and because AFA finances are as strong as they have ever been, this change would have no effect on the current budget proposal. Recognizing the cyclical nature of the general economy and the airline industry in particular, this provision prepares the Union in the event of a future economic down turn.

Considering financial planning in the 3-5 year time frame and beyond, this new language parallels the practice used in the past when revenues have declined. For example, when a mid-year decline has occurred, the International Secretary-Treasurer has deferred activities and reduced expenses where possible. As a case in point, in November 2010 with the loss of members at Northwest, this went so far as to ballot the Board for reduced budgets across the entire Union.

The Revenue Scalability provision outlines the process that was used in the recent years when revenue was decreasing, which required budgets to be adjusted. To be clear, any adjustments to spending or budgets that the International Secretary-Treasurer would make would be limited to budgets that are under the purview of the International Office.

This was discussed from the perspective of preparing the Proposed Annual Budget.

PROPOSED RESOLUTION:

WHEREAS, AFA-CWA takes pride in a budgeting process that is strategically oriented to allocate resources to satisfy the priorities of the Membership; and,

WHEREAS, this change will provide financial guidance in future years if and when there are economic down turns;

THEREFORE BE IT RESOLVED, that AFA-CWA Policy Manual Section IV.G.1 be amended as follows:

G. Budget **Preparation**

1. The AFA-CWA budget preparation process shall be considered a strategic planning process and part of the annual international program of the Union, with consideration for allocating resources to Union priorities.
 - a. Budget preparation shall include (1) preparation by each Master Executive Council, for use by the Master Executive Council and LECs, of proposed Master Executive Council budget allocations and Master Executive Council action plans consistent with the international program, and (2) preparation by the International Office of proposed budget allocations and action plans consistent with the international program.
 - b. Revenue Scalability: During periods of reduced or declining dues revenues, the Union must remain solvent and sufficiently flexible to scale back expenditures in proportion to changes in revenue. If a significant reduction in membership or revenue (e.g., 5%) were to occur, the International President would direct the International Secretary Treasurer to take prompt action unionwide to defer activities and/or adjust levels of spending or budgets within the purview of the International Office in proportion to the change in revenue. In preparation of the next annual budget, the International Secretary-Treasurer will prepare a balanced budget relying upon projected income and proportionate reductions across the Union.**