



# Finance Committee Report

AFA-CWA Board of Directors Meeting  
Las Vegas, Nevada  
*May 14, 2022*

# Today's Report

- Contributors
- Committee Activities
- Current Financials
- Budget Approval

# Finance Committee Members

- Dante Harris, UAL 12 Local President
- Jeff Heisey, UAL MEC Secretary-Treasurer
- Ruthanna Jenkins, ARW MEC Secretary-Treasurer, LEC 29 VP
- Terry Taylor, ALA 19 Local President
- Vilija Telycenas, SPR 76 Local Vice President
- Kevin Creighan, AFA International Secretary-Treasurer
- Sherrie Thompson, AFA Finance Manager

# Budget Committee Members

- Traci Hagans, MSA 88 Local President
- Keturah Johnson, Piedmont MEC & LEC 61 President
- Jasmine Lopez, Spirit MEC Secretary-Treasurer, LEC 73 President
- Kaitlin White, UAL 11 Local President

# Overview

- **Activities:**

- Evaluate Financial Status of Union
- Monthly Review of Revenue & Financial Reports
- Discuss Over Budget Conditions
- Provide Input on Policy Matters
- Conducted Mid Year Review (MYR) and recommended budget increases
- 3-5 Year Strategic Planning

# Overview

- **Activities (Meetings):**
  - Seven Zoom Meetings since last BOD Meeting  
7/30, 9/13, 10/14, 11/19, 12/16, 2/16, & 3/18
  - Finance Cmte In-Person Meeting: 1/13-15/2022
  - Budget Cmte In-Person Meeting: 3/30/2022

# Financial Reports – Current Status

- AFA 2022 April Budget – Schedule 1 (YTD \$ in Mil)

Budget	Expense	Budget	Balance	VAR%
Airlines	7.684	11.993	4.309	35.9%
Sector	9.209	9.514	.305	3.21%
Contingency		(2.330)	(2.330)	
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	16.893	19.177	2.284	11.655%
REVENUE	20.217			
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Surplus	\$3.324			

# Financial Reports - Membership Stats

- LEC Budgets – Membership Stats

<u>JUN</u>	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>
36,563	37,196	36,994	39,877	38,396	39,789	41,585	41,372	41,184	40,425	39,533

- Budget calculations based upon April stats
- See “Online B&E” email for detailed breakdown
- Many Airlines increasing or “building back”
- Returning to 2019 levels in many cases
- Continued monthly evaluation of Member Stats



# Financial Reports – FFC & Surplus

- Future Funding Commitment = \$1.6 M
  - Allocated but not used in each prior year
  - Revenue Reductions:  
2017 (\$800K); 2018 (\$400K); 2019 (\$400K)
  - Revenue Increase: 2020 = \$1.375M
- Anticipated Surplus 2021-2022
  - \$2.5M-\$3M anticipated surplus

# Mid Year Review (MYR)

- BOD 2021 Discussions (May 2021)
  - Realistic Revenue Projections
  - Possibilities of loss of members after 9/30
  - Significant Post-PSP Uncertainty
- Financial & Data Analysis (November 2021)
  - Revenue position is strong
  - Judicious use of reduced resources
  - Member Stats: Stable / Higher than Planned
- Recommendation Supported by the Data

# Mid Year Review (MYR)

- Recommendation of the Finance Committee
  - Beginning with the January Budgets...
  - Calculate LEC Budgets at 20% of Dues
  - Restore the Minimum LEC Budget to \$2,500
  - Restore MEC Budgets to Constitutional Formula
  - Review of several NEG and SBA Budgets
- Recommendation to Executive Board
  - Unanimous Approval of ExBOD
- Ongoing Monitoring
  - Revenue & Membership Data
  - Progress Review at May 2022 BOD Meeting

# Budget Development

- Review of Proposed Budget
  - Constitutional Formula For LEC & MEC Budgets
  - Based On Actual Active Members for April 2022
  - LEC Budgets Adjust to Actual Active Members
  - MEC Budgets Increase with Growth, Never Reduced
  - Formula & Membership driven increases to LEC & MEC Budgets
  - International Office Budgets
    - Constant number of Members of Staff
    - Inflationary increases to salaries, benefits, rents

# Budget Development

- **New Information / Updates**

- Negotiations: 11 Airlines; based on surveys
- System Board: 17 Airlines; based on surveys
- Welcome AVELO to the family !
- Norse will make 18 Airlines in June !
- CWA National Admin: AFA administrative costs
- Merger & Seniority Integration: Frontier & Spirit
- Carry-Overs placed in LEC & MEC Budgets: October 2022
- MEC Growth placed in MEC Budgets: February 2023
- In person meetings – BOD, ExBOD, New & Advanced Leaders

# Budget Development - Trends

## • Trends & Observations

- Majority of LECs & MECs are Under Budget
- Negotiations – More Balanced as far as number
- System Board – Budgets refined
- Successful Negotiations:
  - Company Paid Flight Pay Loss
  - Reimbursement of Mergers Expenses
- Carryovers are the Largest Ever
- Membership Representational Needs are Met
- Successful transition to virtual/online meetings
- Reserve Fund Goal = Twice the Annual Revenue

# Budget Development

- Possible Risk Factors:

- Pandemic Continuation
- Industry Recovery - Not as Fast as Expected
- Membership Stability – Will hiring continue?
- Future Airline Mergers or Bankruptcies

- Strategic Approach:

- Maintain awareness of economic impacts to the industry.
- Sustain flexibility to make adjustments as needed.
- Preserve our ability to adapt to change and ensure the needs of the Union are met.
- Protect the fiduciary responsibilities of the Union.

# Vision for Future

- Long Range Planning
  - Airline Industry is Cyclical – Ups and Downs
- Final Thoughts
  - Reserve Fund provides Stability



# Budget Approval

## Budget Committee Recommendation

**ADOPT**