



Foothill – De Anza Association of Classified Employees (ACE)
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Date: Feb. 21, 2018
To: ACE Executive Board
From: Chris White, President ACE
RE: Recommendation: Dues Forgiveness March 2018 & May 2018

At the ACE Board retreat on August 30, 2017, the approval of the 2017-2018 annual budget included two months of dues forgiveness built in. Dues were withheld for members' November 2017 paycheck. A second dues forgiveness was built into the budget and I would like to forgive dues for March 2018.

At the same meeting, we also approved moving forward with four lawsuits which had a potential cost of \$110,000. We would cover the expenditures from savings. To date, we were able to settle all four issues without having to file any lawsuits, three of them favorably for the affected members.

As of January 2018, we have over \$682K in savings and investments, with \$500K allocated for a strike fund and \$10,475 for reserves. The remainder covers potential lawsuits and fluctuations in dues revenue from changes in membership numbers. This additional savings is a critical component to our ability to represent our members effectively. In addition, FY 17/18 expenditures for stipends, legal expenses, marketing and classification are tracking below their budgeted allocation and as a result we are expecting to carry forward at least \$10,000 into FY18/19.

Challenging budget conditions at FHDA make it highly likely that there will be a COLA for the 2017-2018 year. ACE is in a good financial state to help our members keep more money in their pocket through an additional month of dues forgiveness in May 2018 without jeopardizing our future earnings. Permanently reducing or increasing dues requires a vote by the membership, where any increase needed in the future could prove challenging to get. The ability to apply dues forgiveness is based on current economic conditions and simply requires action by the executive board. Revenue from dues is approximately \$23K a month. With at least \$10k in carry forward, the most we would use from savings to cover expenses is \$13K. Our slightly reduced savings still leaves a greater fund balance for future legal actions than the amount we were willing to spend on four potential lawsuits this year.

It is my recommendation that ACE forgive member dues for March 2018 and May 2018.