

Date: August 12, 2021  
To: ACE Executive Board  
From: Chris White, President; Kathy Nguyen, Treasurer  
RE: 2021-2022 ACE Budget with Dues Forgiveness Options

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Attached is a draft budget for the 2020-2021 fiscal year. A few items to note:

- For FY 2020-2021, ACE forgave dues for nine (9) months, using a little over \$85,000 from savings to cover expenses. Dues collection resumed in April 2021.
- To date, our savings has enough to cover a five percent operating reserve, a \$500,000 strike fund, \$100,00 set aside for litigation (CalPERS), leaving approximately \$113,000 of unallocated revenue.

## Background

Every year, litigation fees and fluctuations in membership remain the two most unpredictable variables impacting our budget. For the past five years, ACE has had minimal legal expenses and no reclassification expenses, as that process was on hold with the classification study. No in-person site meetings and trainings due to the pandemic and resulting shelter in place have also helped to keep our expenses low for the past 18 months. With ACE paying half the cost for appeals in the classification study, the reclassification process no longer on hold, and the colleges shifting to more on campus operations, expenses will increase. Membership levels have remained relatively constant over the past few years but that could change depending on what priorities the District sets as we move to community-supported funding (basic aid). ACE still has pending litigation with CalPERS to address and the potential for a couple more items in the near future.

This pandemic has demonstrated how important it is as an organization to be fiscally sound and develop budgets which allow us to save for a rainy day while refraining from collecting excessive revenue from the membership. Our decision to forgive dues for a year to help our membership was only possible because 1) smart financial planning over the years, and 2) we're an independent labor association and we get to decide how we spend our dues.

We still need to build funds for future needs (litigation, general cost increases, changes in membership revenue) but not at the same rate as the early days of ACE. 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. At this time, it would be fiscally prudent for ACE to forgive dues when feasible rather than look at another permanent reduction.



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## **Recommendation**

We recommend ACE forgive dues for two months, December and May.

Attached:

2021- 2022 ACE Budget with Dues Forgiveness Options

2020-2021 ACE Operating Expenses

2020-2021 ACE Income Statement vs. Actuals

ACE Budget Actuals 2011-2021

	Jul '21 - Jun'22 No dues forgiveness	Jul '21 - Jun'22 1 month dues forgiveness	Jul '21- Jun'22 2 months dues forgives	Jul '20 - Jun 21 Actuals Includes 8 months dues forgiveness - COID 19 pandemic
<b>Income</b>				
Dues	242,000.00	222,200.00	202,000.00	60,807.15
Interest Income	500.00	500.00	\$500.00	183.83
Service Fees	0	0	0.00	0.00
<b>Total Income</b>	<b>242,500.00</b>	<b>222,700.00</b>	<b>202,500.00</b>	<b>60,990.98</b>
<b>Expense</b>				
Election Fees	150.00	150.00	150.00	118.00
Arbitration				
Arbitration Fees	4,000.00	4,000.00	4,000.00	0.00
Misc. Court Fees	1,000.00	1,000.00	1,000.00	0.00
<b>Total Arbitration</b>	<b>5,000.00</b>	<b>5,000.00</b>	<b>5,000.00</b>	<b>0.00</b>
Reclassification Appeals				
Reclassification Appeals	5,000.00	5,000.00	5,000.00	0.00
<b>Total Reclassification Appeals</b>	<b>5,000.00</b>	<b>5,000.00</b>	<b>5,000.00</b>	<b>0.00</b>
Business Expenses				
Business Registration Fees				0.00
Business Expenses - Other	100.00	100.00	100.00	63.25
<b>Total Business Expenses</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>63.25</b>
Capital Outlay	1,500.00	1,500.00	1,500.00	0.00
Depreciation Expense	4,500.00	4,500.00	4,500.00	4,139.55
Legal Expenses				
Legal Fees - Bradley Booth	117,000.00	117,000.00	117,000.00	114,250.00
Legal Expenses - Other				
<b>Total Legal Expenses</b>	<b>117,000.00</b>	<b>117,000.00</b>	<b>117,000.00</b>	<b>114,250.00</b>
Marketing (BBQ/Events)	5,000.00	5,000.00	5,000.00	0.00
Mileage, Travel and Meetings				
Meals	2,500.00	2,500.00	2,500.00	0.00
Conference, Convention, Meeting	4,000.00	4,000.00	4,000.00	20.00
Mileage/Travel	200.00	200.00	200.00	0.00
<b>Total Mileage, Travel and Meetings</b>	<b>6,700.00</b>	<b>6,700.00</b>	<b>6,700.00</b>	<b>20.00</b>
Other Types of Expenses				
Insurance - Liability, D and O	4,550.00	4,550.00	4,550.00	4,538.00
<b>Total Other Types of Expenses</b>	<b>4,550.00</b>	<b>4,550.00</b>	<b>4,550.00</b>	<b>4,538.00</b>
Outside Services				
Accounting Fees				
Nancy Reynolds	4,500.00	4,500.00	4,500.00	4,500.00
Accounting Fees - Other				300.00
<b>Total Accounting Fees</b>	<b>4,500.00</b>	<b>4,500.00</b>	<b>4,500.00</b>	<b>4,800.00</b>
Tax - Audit				
Islip LLC	3,715.00	3,715.00	3,715.00	0.00
Tax - Audit - Other				
<b>Total Tax - Audit</b>	<b>3,715.00</b>	<b>3,715.00</b>	<b>3,715.00</b>	<b>0.00</b>
<b>Total Outside Services</b>	<b>8,215.00</b>	<b>8,215.00</b>	<b>8,215.00</b>	<b>4,800.00</b>
Postage, Mailing Service	100.00	100.00	100.00	21.50
Printing and Copying	400.00	400.00	400.00	0.00
Salaries/Release Time				
Stipends	40,925.00	40,925.00	40,925.00	17,300.00
Officers	0.00	0.00	0.00	0.00
<b>Total Salaries/Release Time</b>	<b>40,925.00</b>	<b>40,925.00</b>	<b>40,925.00</b>	<b>17,300.00</b>
Books, Reference	1,500.00	1,500.00	1,500.00	0.00
Office Supplies	2,000.00	2,000.00	2,000.00	0.00
Software	400.00	400.00	400.00	107.94
Subscriptions	540.00	540.00	540.00	437.04
Taxes	20.00	20.00	20.00	11.00
Training/Continuing Education	250.00	250.00	250.00	0.00
Web Hosting	220.00	220.00	220.00	219.39
Miscellaneous Expenses	0.00	0.00	0.00	0.00
<b>Total Expense</b>	<b>204,070.00</b>	<b>204,070.00</b>	<b>204,070.00</b>	<b>146,025.67</b>
	<b>38,430.00</b>	<b>18,630.00</b>	<b>-1,570.00</b>	<b>-85,034.69</b>

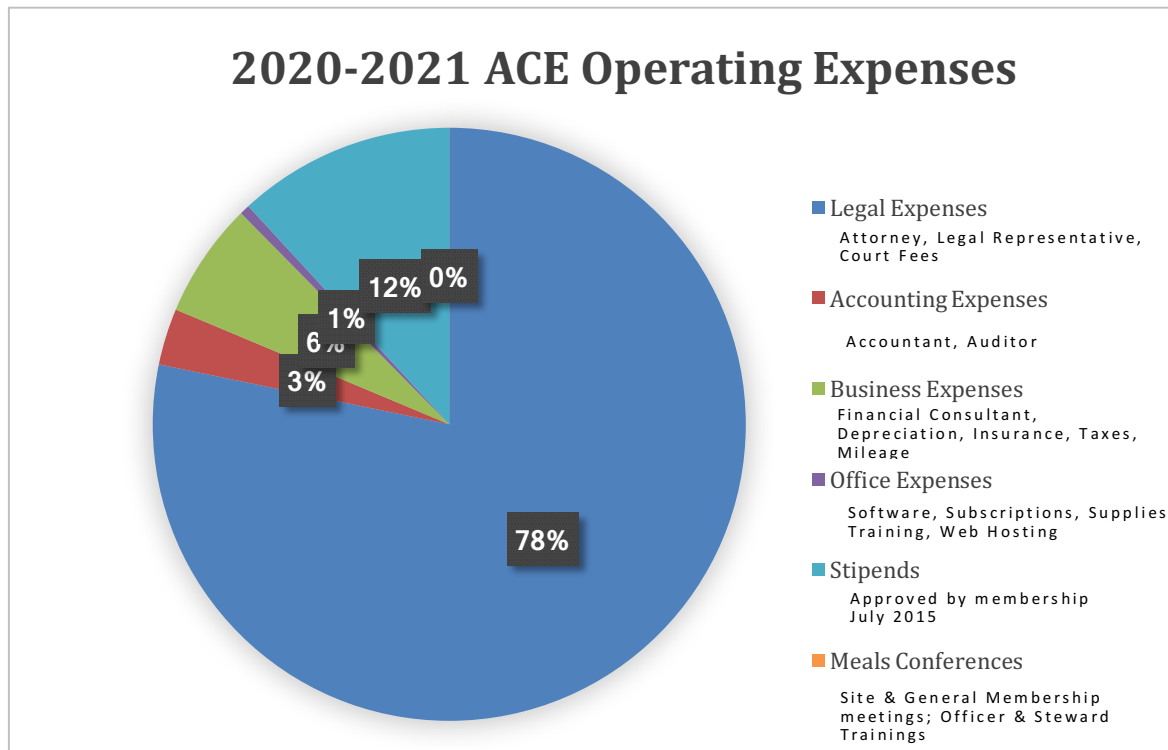
<b>Contingency Funds</b>	<b>648,776.00</b>
5% reserve	10,196.00
Strike Fund	\$500,000.00
Authorized litigation	\$25,000.00
Unallocated	\$113,580.00



## 2020-2021 ACE Operating Expenses

Last year, ACE spent 100 percent of the dues collected on activities directly related to representation. This includes expenses necessary to run an independent labor association. 58 percent of expenses were paid with funds from our savings so we could continue to forgive dues through March 2021 to help our membership affected by the pandemic. We are only do this because we are an independent labor association.

In a non-pandemic year, ACE typically spends 96 percent of dues collected on activities directly related to representation with the remaining 4 percent is spent on costs related to food for site and general membership meetings, and trainings for officers and stewards.



## 2020-2021 ACE Income vs. Actuals

	Jul '20 - Jun 21	Budget	\$ Over Budget	% of Budget
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
Dues	60,807.15	102,000.00	-41,192.85	59.62%
Interest Income	183.83	4,500.00	-4,316.17	4.09%
<b>Total Income</b>	<b>60,990.98</b>	<b>106,500.00</b>	<b>-45,509.02</b>	<b>57.27%</b>
<b>Expense</b>				
Election Expenses	118.00			
<b>Arbitration</b>				
Arbitration Fees	0.00	4,000.00	-4,000.00	0.0%
Misc. Court Fees	0.00	1,000.00	-1,000.00	0.0%
<b>Total Arbitration</b>	<b>0.00</b>	<b>5,000.00</b>	<b>-5,000.00</b>	<b>0.0%</b>
Reclassification Appeals	0.00	3,000.00	-3,000.00	0.0%
Books, Reference	0.00	1,500.00	-1,500.00	0.0%
<b>Business Expenses</b>				
Bank Fees	63.25			
Business Expenses - Other	0.00	100.00	-100.00	0.0%
<b>Total Business Expenses</b>	<b>63.25</b>	<b>100.00</b>	<b>-36.75</b>	<b>63.25%</b>
Capital Outlay	0.00	1,500.00	-1,500.00	0.0%
Depreciation Expense	4,139.55	5,500.00	-1,360.45	75.27%
<b>Legal Expenses</b>				
Legal Fees - Bradley Booth	114,250.00	114,000.00	250.00	100.22%
<b>Total Legal Expenses</b>	<b>114,250.00</b>	<b>114,000.00</b>	<b>250.00</b>	<b>100.22%</b>
Marketing (BBQ/Events)	0.00	3,000.00	-3,000.00	0.0%
<b>Mileage, Travel and Meetings</b>				
Meals	0.00	5,000.00	-5,000.00	0.0%
Conference, Convention, Meeting	20.00	2,500.00	-2,480.00	0.8%
Mileage/Travel	0.00	600.00	-600.00	0.0%
<b>Total Mileage, Travel and Meetings</b>	<b>20.00</b>	<b>8,100.00</b>	<b>-8,080.00</b>	<b>0.25%</b>
<b>Other Types of Expenses</b>				
Insurance - Liability, D and O	4,538.00	4,500.00	38.00	100.84%
<b>Total Other Types of Expenses</b>	<b>4,538.00</b>	<b>4,500.00</b>	<b>38.00</b>	<b>100.84%</b>
<b>Outside Services</b>				
<b>Financial Consulting</b>				
Robina Bennion	300.00			
<b>Total Financial Consulting</b>	<b>300.00</b>			
<b>Accounting Fees</b>				
Nancy Reynolds	4,500.00	4,500.00	0.00	100.0%
<b>Total Accounting Fees</b>	<b>4,500.00</b>	<b>4,500.00</b>	<b>0.00</b>	<b>100.0%</b>
<b>Tax - Audit</b>				
Islip LLC	0.00	2,900.00	-2,900.00	0.0%
<b>Total Tax - Audit</b>	<b>0.00</b>	<b>2,900.00</b>	<b>-2,900.00</b>	<b>0.0%</b>
<b>Total Outside Services</b>	<b>4,800.00</b>	<b>7,400.00</b>	<b>-2,600.00</b>	<b>64.87%</b>

Postage, Mailing Service	21.50	100.00	-78.50	21.5%
Printing and Copying	0.00	400.00	-400.00	0.0%
Salaries/Release Time				
Stipends	17,300.00	40,925.00	-23,625.00	42.27%
<b>Total Salaries/Release Time</b>	<b>17,300.00</b>	<b>40,925.00</b>	<b>-23,625.00</b>	<b>42.27%</b>
Software	45.00	400.00	-355.00	11.25%
Software Subscriptions	62.94			
Subscriptions	437.04	540.00	-102.96	80.93%
Supplies	0.00	2,000.00	-2,000.00	0.0%
Taxes	11.00	20.00	-9.00	55.0%
Training/Continuing Education	0.00	250.00	-250.00	0.0%
Voided Check	0.00			
Web Hosting	219.39	220.00	-0.61	99.72%
<b>Total Expense</b>	<b>146,025.67</b>	<b>198,455.00</b>	<b>-52,429.33</b>	<b>73.58%</b>
<b>Net Ordinary Income</b>	<b>-85,034.69</b>	<b>-91,955.00</b>	<b>6,920.31</b>	<b>92.47%</b>
Other Income/Expense				
Other Expense				
Fraudulent Charges/Corrections	0.00			
<b>Total Other Expense</b>	<b>0.00</b>			
<b>Net Other Income</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.0%</b>
<b>Net Income</b>	<b>-85,034.69</b>	<b>-91,955.00</b>	<b>6,920.31</b>	<b>92.47%</b>

ACE Budget Actuals 2011-2016

	Jul '20 - Jun 21	Jul '19 - Jun 20	Jul '18 - Jun '19	Jul '17 - Jun '18	Jul'16 - Jun '17	Jul '15 - Jun 16	Jul '14 - Jun 15	Jul '13 - Jun 14	Jul '12 - Jun 13	Jul '11 - Jun 12	Jul '10 - Jun 11
<b>Income</b>											
Dues	\$60,807.15	128,189.35	183,200.44	166,952.30	234,715.38	205,924.88	186,629.82	201,732.33	213,548.38	241,754.78	248,228.78
Interest Income	\$183.83	0.00	5,476.79	2,733.56	2,873.07	1,095.35	1,329.69	1,822.12	1,973.69	590.87	715.35
Service Fees	\$0.00	16,337.41	1,673.44	12,796.74	24,524.33	26,074.19	28,697.93	35,809.23	36,195.08	41,876.77	44,496.59
<b>Total Income</b>	<b>\$60,990.98</b>	<b>144,526.76</b>	<b>190,350.67</b>	<b>182,482.60</b>	<b>262,112.78</b>	<b>233,094.42</b>	<b>216,657.44</b>	<b>239,363.68</b>	<b>251,717.15</b>	<b>284,222.42</b>	<b>293,440.72</b>
	<small>includes 8 months dues forgiveness for Covid 19 pandemic relief</small>	<small>includes 4 months dues forgiveness/ COVID 19 pandemic relief</small>	<small>total income includes 2 months dues forgiveness</small>	<small>total income includes 3 months dues forgiveness</small>	<small>total income includes 10% permanent dues reduction &amp; 2 months dues forgiveness</small>	<small>total income includes 2 months dues forgiveness</small>	<small>total income includes 2 months dues forgiveness</small>	<small>total income includes 1 month dues forgiveness</small>	<small>total income includes 1 month dues forgiveness</small>		
<b>Expense</b>											
Election Expenses	\$118.00										
Arbitration											
Arbitration Fees	\$0.00	0.00	0.00	0.00	0.00	1,716.53	3,930.50	1,650.00	7,041.25	343.95	3,068.54
Misc. Court Fees	\$0.00	0.00	0.00	3,000.00	0.00	625.00	435.00	0.00	0.00	0.00	0.00
<b>Total Arbitration</b>	<b>\$0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>3,000.00</b>	<b>0.00</b>	<b>2,341.53</b>	<b>4,365.50</b>	<b>1,650.00</b>	<b>7,041.25</b>	<b>343.95</b>	<b>3,068.54</b>
Reclassification Appeals	\$0.00	0.00	0.00	0.00	1,125.00	1,375.00	1,532.44	0.00	0.00	0.00	0.00
Business Expenses	\$63.25	193.00	20.00	12.50	20.00	-5.00	0.00	31.00	0.00	60.00	210.74
Capital Outlay	\$0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20.00	0.00	0.00
Depreciation Expense	\$4,139.55	5,061.96	4,640.13	5,192.62	5,685.98	4,209.33	1,471.08	707.07	1,339.52	1,300.92	1,285.56
Kitchen Supplies	\$0.00	0.00	0.00	0.00	0.00	1,222.26	0.00	0.00	0.00	0.00	0.00
Legal Expenses	\$114,250.00	114,000.00	104,935.00	114,000.00	113,500.00	120,150.00	110,140.00	110,185.20	99,000.00	117,000.00	108,000.00
Marketing (BBQ/Events)	\$0.00	2,320.00	0.00	1269.02	1,389.99	208.58	3,930.95	3,000.00	1,571.10	0.00	876.47
Mileage, Travel and Meetings											
Meals	\$0.00	4,853.69	5,320.04	326.01	6,177.20	5,403.06	2,695.51	3,227.59	248.58	0.00	0.00
Conference, Convention, Meeting	\$20.00	0.00	1,450.00	6,480.02	3,079.44	796.79	3,442.66	1,017.34	2,728.29	2,607.46	171.84
Mileage/Travel	\$0.00	290.81	177.39	280.00	402.40	571.34	756.67	1,249.43	514.94	942.98	381.22
<b>Total Mileage, Travel and Meetings</b>	<b>\$20.00</b>	<b>5,144.50</b>	<b>6,947.43</b>	<b>7,086.03</b>	<b>9,659.04</b>	<b>6,771.19</b>	<b>6,894.84</b>	<b>5,494.36</b>	<b>3,491.81</b>	<b>3,550.44</b>	<b>553.06</b>
Other - Insurance	\$4,538.00	3,994.76	3,769.76	\$3,457.50	3,406.94	5,855.34	3,296.00	3,080.00	2,881.25	2,881.25	2,881.25
Outside Services											
Accounting Fees	\$4,500.00	4,500.00	4,125.00	4,500.00	4,500.00	4,525.00	4,200.00	4,925.00	4,975.00	3,575.00	4,650.00
Financial Consultant	\$300.00	4,970.00									
Recorder	\$0.00	0.00	0.00	0.00	0.00	8,417.19	16,140.00	0.00	0.00	0.00	28,719.20
Tax - Audit	\$0.00	2,835.00	2,759.00	2,759.00	2,720.00	2,645.00	2,580.00	3,200.00	3,200.00	3,550.00	3,000.00
<b>Total Outside Services</b>	<b>\$4,800.00</b>	<b>12,305.00</b>	<b>6,884.00</b>	<b>7,259.00</b>	<b>7,220.00</b>	<b>15,587.19</b>	<b>26,216.00</b>	<b>8,125.00</b>	<b>8,175.00</b>	<b>7,125.00</b>	<b>36,369.20</b>
Postage, Mailing Service	\$21.50	0.00	0.00	0.00	20.85	0.00	0.00	47.12	0.00	9.30	44.00
Printing and Copying	\$0.00	0.00	0.00	153.75	0.00	0.00	0.00	0.00	0.00	0.00	1,782.50
Salaries/Release Time											
Stipends	\$17,300.00	32,825.00	29,475.00	30,725.00	21,050.00	31,225.00	0.00	0.00	0.00	0.00	0.00
Officers	\$0.00	0.00	0.00	0.00	0.00	0.00	14,459.42	44,041.17	45,556.31	72,498.25	7,568.79
<b>Total Salaries/Release Time</b>	<b>\$17,300.00</b>	<b>32,825.00</b>	<b>29,475.00</b>	<b>30,725.00</b>	<b>21,050.00</b>	<b>31,225.00</b>	<b>14,459.42</b>	<b>44,041.17</b>	<b>45,556.31</b>	<b>72,498.25</b>	<b>7,568.79</b>
Subscriptions, Books, Reference	\$544.98	85.79	469.04	1,456.50	74.70	0.00	0.00	0.00	0.00	0.00	0.00
Supplies	\$0.00	55.04	1,225.73	1,943.14	1,908.62	713.33	759.53	1,505.21	2,002.29	1,834.14	1,583.15
Taxes	\$11.00	10.00	10.00	10.00	10.00	10.00	30.00	10.00	25.00	0.00	1,782.50
Training/Continuing Education	\$0.00	0.00	0.00	0.00	0.00	0.00	0.00	342.12	0.00	1,489.10	-699.83
Web Hosting	\$219.39	219.39	1,778.40	2,134.12	2,199.90	1,421.16	1,445.00	1,090.99	1,090.99	1,090.35	1,079.40
Miscellaneous Expenses	\$0.00	0.00	0.00	1,723.48	112.39	54.30	0.00	0.00	0.00	10.00	0.00
<b>Total Expense</b>	<b>\$146,025.67</b>	<b>175,814.44</b>	<b>161,537.80</b>	<b>179,422.66</b>	<b>167,383.41</b>	<b>191,139.21</b>	<b>174,540.76</b>	<b>179,309.24</b>	<b>172,194.52</b>	<b>209,192.70</b>	<b>167,794.99</b>
<b>Net Income</b>	<b>-\$85,034.69</b>	<b>-31,287.68</b>	<b>28,812.87</b>	<b>3,059.94</b>	<b>94,729.37</b>	<b>41,955.21</b>	<b>42,116.68</b>	<b>60,054.44</b>	<b>79,522.63</b>	<b>75,029.72</b>	<b>125,645.73</b>