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October 17, 2016

RECEIVED
OCT 20 2016
CSEA REGION 1

TO: International Vice Presidents
Council Presidents/Directors
Local Union Presidents and Secretary-Treasurers

FROM: *Laura Reyes*, Secretary-Treasurer

RE: **MINIMUM DUES INCREASE FOR 2017**

Article IX, Section 6 of the *International Constitution* provides for an annual adjustment of the minimum dues and Per Capita Tax (PCT) rates. This letter deals specifically with the annual adjustment of minimum dues rates for 2017. You should carefully read the instructions below for determining your correct minimum dues rate, which has changed. At the 2014 International Convention, Article IX, Section 6 of the *International Constitution* was amended to provide an additional requirement for local unions and councils in calculating their minimum dues rate.

Article IX, Section 7 of the *International Constitution* explains how the yearly adjustment of the minimum dues rate is determined.

Information on wage increases was collected from **81%** of AFSCME's membership. The average wage increase received by AFSCME members over the 12-month period ending July 31, 2016 was **1.971%**.

Article IX, Section 7 also requires that this calculation be audited and certified by an independent certified public accountant who is not otherwise connected with AFSCME. The audit has been completed and confirms the above percentages. Upon request, a copy of the certification will be provided to any affiliate.

Full-Time Employee Minimum Dues

Applying this latest percentage (1.971%) to the current minimum dues results in a required (unrounded) dues increase of **\$.6829515** per month. This unrounded increase is then allocated and rounded to the nearest five cents, resulting in an increase of **\$.65**.

American Federation of State, County and Municipal Employees, AFL-CIO

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	<u>Allocation</u>	<u>Unrounded Annual Increase</u>	<u>Rounded Annual Increase</u>	<u>Jan. 1, 2017 Full-Time Increase</u>
International PCT	30%	\$.2048855	\$.20	\$.20
Council PCT	60%	.4097709	.40	.40
Local Share	10%	<u>.0682952</u>	<u>.05</u>	<u>.05</u>
		<u>\$.6829515</u>	<u>\$.65</u>	<u>\$.65</u>

As a result, the 2017 minimum dues increase is \$.65.

	<u>Full-Time Increase</u>	<u>Full-Time Effective 1/1/17</u>
International PCT	\$.20	\$.20
Council PCT	.40	.40
Local Share	<u>.05</u>	<u>.05</u>
	<u>\$.65</u>	<u>\$.65</u>

What effect does this increase in minimum dues have on your local's dues rate?

- If your local's dues rate is \$34.65 or less as of December 31, 2016 your dues must be raised to \$35.30 effective January 1, 2017, as allocated above, or the rate resulting from multiplying your current dues rate by 1.971% if this results in an amount that is greater than \$.65 (the "multiplied rate").
- If your local is affiliated with a council and your dues rate as of December 31, 2016 is the minimum for locals affiliated with such council, with no previously approved dues increase scheduled for January 1, 2017, then your dues must be raised by \$.65 effective January 1, 2017, as allocated above, or the rate resulting from multiplying your current dues rate by 1.971% if this results in an amount that is greater than \$.65.
- If your local's dues rate is greater than the minimum for locals affiliated with such council as of December 31, 2016, you must raise your dues by \$.65 on January 1, 2017 as allocated above, or your current dues rate multiplied by 1.971% if this results in an amount that is greater than \$.65, unless you request a credit/waiver using the attached form and receive approval of that request from the International Executive Board.

The local's constitution should be corrected to reflect your new dues rate. Any increase in a local's dues rate to reflect annual minimum dues increases do not require a vote by the local's membership. Employers will need to be notified of the new rates.

Part-Time Employee Minimum Dues Rates

For members with regular work schedules of twenty or fewer but more than twelve hours per week, the increase is computed by multiplying each component of the unrounded full-time minimum dues rate increase by 75% and rounding to the nearest nickel, resulting in a 2017 Part-Time minimum dues increase of **\$.50**. This amount is distributed based upon the following constitutionally established allocations:

	Part-Time <u>Increase</u>	Part-Time Effective <u>1/1/17</u>
International PCT	<u>\$.15</u>	<u>\$.15</u>
Council PCT	<u>.30</u>	<u>.30</u>
Local Share	<u>.05</u>	<u>.05</u>
Total	<u>\$.50</u>	<u>\$.50</u>

However, if 75% of the "multiplied rate" is greater than \$.50, the Part-Time minimum dues increase must be this greater amount.

For members with work schedules of twelve hours or less, the percentage increase is determined by taking 50% of each component of the unrounded full-time minimum rate increase and rounding to the nearest nickel, for a total increase of **\$.35**. This amount is distributed based upon the following constitutionally established allocations:

	Lower Part-Time <u>Increase</u>	Lower Part-Time Effective <u>1/1/17</u>
International PCT	<u>\$.10</u>	<u>\$.10</u>
Council PCT	<u>.20</u>	<u>.20</u>
Local Share	<u>.05</u>	<u>.05</u>
Total	<u>\$.35</u>	<u>\$.35</u>

However, if 50% of the "multiplied rate" is greater than \$.35, the Lower Part-Time minimum dues increase must be this greater amount.

Dues Rates Greater Than The Minimum

Many of AFSCME's affiliates have established dues rates in excess of the minimums. The 2017 minimum dues increase applies to all councils and locals, increasing each component of their 2016 dues rates effective January 1, 2017. However, these increases do not apply to affiliates with a progressive or percentage dues rate structure, provided that their average dues rates exceed the required minimums.

Locals that fall into this category are required to have a dues structure for 2017 for full-time employees which meets or exceeds an amount equal to \$13.10+2017 Council PCT+\$3.15. Locals whose dues rates exceed this minimum amount may be entitled to a credit/waiver as explained later in this letter. Part-time rates should also be increased by the amounts indicated on the preceding page unless the affiliate has a progressive or percentage dues structure and the average part-time rates exceed the minimum rates. The International Union's part-time PCT and lower part-time PCT would remain at \$9.75 and \$6.55, respectively.

Credits/Waivers

Those local unions not on a progressive or percentage dues structure which enacted a dues increase effective sometime between January 1, 2016 and December 31, 2016 (to the extent that those increases exceeded the January 1, 2016 minimum) may be credited with a portion of this dues increase as an offset against the required minimum dues increase. However, the International Union and Council per capita tax rates must be paid at the applicable rates, and the local share may not be lower than the minimum. Any credits used to offset the International Union and Council per capita tax (if any) increases will reduce the local union's share of dues collected.

Affiliates which have a percentage or progressive dues structure may have the increase waived if their average dues rate meets or exceeds the minimum rates. Also, affiliates which did not use all credits they had available from prior years have a credit balance which may be applied against the 2017 increase.

Under special circumstances, the International President, subject to the approval of the International Executive Board, may approve a waiver of the required increase. If such a waiver is approved, the local may remain at its current dues rate(s) but must remit International per capita tax at the new adjusted rate and Council per capita tax must also be paid. If a waiver is approved, the local's share of dues collected will be reduced.

If your local plans to utilize dues credits as an offset against the required increase or to request a waiver of the increase, please complete the attached questionnaire and forward it to the Financial Services office of the International Union by **November 18, 2016**. From this information, the International Executive Board will be able to determine if your local's dues increase may be offset by credits or waived. You will be advised of their findings.

If you have any questions concerning the increase, you may contact the Accounting Department (202) 429-1005.

LR/CJ:mw
Enclosure