

## TEA Financial Plan 2006

Looking ahead and preparing for the financial future of TEA and following TEA by-laws, the Board is asking the membership for its input on the Financial Plan for 2006.

The income and expenses presented are estimated using known costs, estimates from past costs and income and predictions of the number of members we will have over the course of the year (February 2006 Through January 2007).

A proposal being considered is to raise TEA dues from the current 0.4% to 0.5%.

TEA currently has one outstanding debt; \$22,172.00 is owed to our legal consultant for past work that was billed using incorrect membership counts. Our legal service is provided and paid based on the number of members monthly. For the first four years of TEA development, this number was not reported or billed correctly.

At the current rate of 0.4%, if you earn \$20.00 per hour you pay approximately \$166.00 in dues each year. At \$30.00 per hour it is approximately \$250.00 per year. At \$40.00 per hour annual dues are approximately \$333.00.

If dues are raised to 0.5% and you earn \$20.00 per hour in a year you would pay approximately \$208.00, \$30.00 per hour would pay approximately \$312.00 and at \$40.00 per hour approximately \$416.00 each year.

Our estimated expense next year is projected to be \$66,500.00. Over \$62,500.00 of this cost is for our legal services.

Our estimated income from dues and assessments is \$93,600.00 at the current 0.4% dues. At a new rate of 0.5% the estimate is \$117,000.00.

The current TEA bank balance on 3-1-06 was approximately \$21,500.00. After estimated expenses for 2006, this balance could be \$48,600.00 at current 0.4% dues or \$72,000.00 at the 0.5% dues rate.

The debt for legal services, \$22,172.00, remains to be paid this year from this balance. Additionally, the Board has considered other items that it believes should be funded. These include an Arbitration Fund at \$28,000.00. (transit arbitration estimated at \$20,000.00 and 2 grievance arbitrations at \$4000.00 each, if needed), an Education Fund of \$2000.00 and a Reserve Fund of \$20,000.00. The total of these items is \$72,172.00.

The Board has suggested that a Social Fund be established and the Council of Representatives is evaluating an Office Stipend Fund. Neither of these are included in this Financial Plan.

The alternative to raising our dues is to continue to let our balance grow at its current projected rate. If TEA were to experience an unexpected cost or arbitration that is in excess of our current balance, a special assessment would most likely be required to satisfy the cost above the balance in our account at that time.

### Summary

| Estimated at current 0.4% dues        |                                   | Estimated at proposed 0.5% dues |                                   |
|---------------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
| Income                                | \$93,600.00                       | Income                          | \$117,000.00                      |
| Expenses                              | \$66,500.00                       | Expenses                        | \$ 66,500.00                      |
| <br>Income for year                   | <br>\$27,100.00                   |                                 | <br>\$50,500.00                   |
| Bank BAL for year                     | \$48,600.00                       |                                 | \$72,000.00                       |
| Debt to paid this year                | \$22,172.00                       | (back legal fees)               | \$22,172.00                       |
| BAL after debt                        | \$26,428.00                       |                                 | \$49,828.00                       |
| <br>Optional Funds for consideration; |                                   |                                 |                                   |
| Arbitration                           | \$28,000.00                       |                                 |                                   |
| Reserve                               | \$20,000.00                       |                                 |                                   |
| Education                             | \$2000.00                         |                                 |                                   |
| Social                                | \$0.00                            |                                 |                                   |
| Officer Stipend                       | \$0.00                            |                                 |                                   |
| <br>Dues                              | <br>\$20.00/hr=\$ 6.40/pay period |                                 | <br>\$20.00/hr=\$ 8.00/pay period |
|                                       | \$30.00/hr=\$ 9.60/pay period     |                                 | \$30.00/hr=\$12.00/pay period     |
|                                       | \$40.00/h =\$12.80/pay period     |                                 | \$40.00/hr=\$16.00/pay period     |

The financial plan is presented and dues structure open for adjustment by the membership each year. If dues are increased, it is possible that in a following year, they could be readjusted up or down.