

# LEGAL NOTICE

TO: Employees represented by ATU Locals in U.S. bargaining units who are subject to union security arrangements

Employees in the United States at private-sector employers working under collective bargaining agreements which contain a union security clause are required, as a condition of their employment, to pay monthly dues or fees to the Union. Formal union membership, however, is not mandated. Those who are members of the ATU pay monthly union dues. Nonmembers, or “agency fee payers,” meet their obligation through the payment of an equivalent “agency fee.” Nonmembers subject to a union security clause have the additional legal right to file objections to their funding of expenditures which are “unrelated to collective bargaining, contract administration, or grievance adjustment” and/or are otherwise “nongermane to the collective bargaining process.”

Union security clauses are negotiated and ratified by your coworkers based upon the principle that everyone who benefits from the collective bargaining process should share in its costs. The wellbeing of all bargaining unit employees is improved immeasurably when the union obtains higher wages, better health care and retirement benefits, fairness in the discipline system, and the many other improvements realized in contract negotiations. But it would be difficult to provide such effective representation at the bargaining table without the influence earned through the “nongermane” political activities of the trade union movement.

There are considerable benefits of being a member of the ATU. Only members have the right to attend and participate in union meetings; the right to run in local union elections and to otherwise nominate and vote for any candidates for union office; the

right to participate in the formation of ATU bargaining demands; the right to vote on contract ratification questions; and the right to enjoy the many benefits of the Union Plus Benefits Program, which offers low-interest credit cards, legal and travel services, prescription drug cards, and life insurance.

The *Notice of Statement of Law and Procedures* applies to the International Union expenditures and to the per capita tax portion of local union dues. Because the portion of local union expenditures which are spent on “chargeable” activities is at least as great as that of the International Union, Local Unions may exercise the option of presuming that the International Union’s percentage of chargeable activities applies to the Local Union.

It remains our opinion that all of our organizing and all the legislative, litigation, and similar activities undertaken by the ATU – some of which tribunals have indicated may in part be nonchargeable – are essential to improving the working conditions of all the employees we represent.



Lawrence J. Hanley  
International President

*The following ATU Statement of Law and Procedures Concerning Union Security Objections applies only to the International per capita tax charged to objectors as part of local union fees (unless a local union exercises the option of presuming that the International percentage of chargeable activities applies to the local union).*

1. Any ATU-represented nonmember employed in the United States by a private sector employer and who is subject to a union security clause conditioning continued employment on the payment of dues or fees has the right to become an objector to expenditures not related to collective bargaining, contract administration, grievance adjustment, or other chargeable expenditures. A current ATU member who chooses not to tender the full periodic dues and assessments paid by members of the Union, but who instead opts to become an objector, must assume nonmember status prior to filing an objection through these procedures. An objector shall pay reduced fees calculated in accordance with Section 5.

2. To become an objector, an ATU-represented nonmember employee shall notify the International Secretary-Treasurer in writing of the objection within thirty (30) days of receiving this notice via the November/December issue of *In Transit*, within thirty (30) days of resigning from membership, or within thirty (30) days after first becoming subject to union security obligations and receiving notice of these procedures. The objection shall be signed and shall specify the objector’s current home mailing address, name the objector’s employer with which the applicable union security arrangements have been entered into, and identify the ATU local union number, if known. All objections should be mailed to the International Secretary-Treasurer, 10000 New Hampshire Avenue, Silver Spring, MD 20903 or transmitted by facsimile to (301) 431-7116 with a separate cover page directing such to the attention of the International Secretary-Treasurer and specifying the subject thereof to be the “Election of Fee Objector Status.”

3. The following categories of expenditures are chargeable to the extent permitted by law:

- a. All expenses concerning the negotiation of agreements, practices and working conditions;
- b. All expenses concerning the administration of agreements, practices and working conditions, including grievance handling, all activities related to arbitration, and discussion with employees in the bargaining unit or employer representatives regarding working conditions, benefits and contract rights;
- c. Convention expenses and other normal union internal governance and management expenses;
- d. Union business meeting expenses;
- e. Publication expenses to the extent coverage is related to otherwise chargeable activities;
- f. Expenses of litigation before the courts and administrative agencies related to contract administration, collective bargaining rights and internal governance;
- g. Expenses for legislative, executive branch and administrative agency representation on legislative and regulatory matters closely related to contract ratification or the implementation of contracts;
- h. All expenses for the education and training of members, officers, and staff intended to prepare the participants to better perform chargeable activities;
- i. All strike fund expenditures and costs of group cohesion and economic action, e.g., general strike activity, informational picketing, etc.;
- j. All funeral or dismemberment benefits; and
- k. A proportional share of all overhead and administrative expenses.

4. The International Union shall publish these policies and procedures in the November/December issue of *In Transit* to provide to ATU-represented employees notice of their right to object and of the procedures for objecting.

5. The International retains an independent auditor who submits an annual report for the purpose of verifying the percentage of expenditures that fall within the categories specified in Section 3. If the local union has adopted these procedures, the local union will, absent notice to the contrary, exercise the option of presuming that the International Union’s percentage of chargeable activities applies to the local union and forego arranging an audit; or arrange for an audit of local union records enabling the local union to verify annually the percentage of its total expenditures, other than the International per capita tax, that is chargeable to objectors. The amount of the International and local union expenditures falling within Section 3 made during that fiscal year which ended in the previous calendar year shall be the basis for calculating the reduced fees that must be paid by the objector for the current calendar year. For each objector, an amount equal to the reduced fees paid by the objector shall be placed in an interest-bearing escrow account.

6. The report(s) of the independent auditor(s) shall be completed prior to the publication of these policies and procedures. The report(s) shall include verification of the major categories of union expenses attributable to chargeable and nonchargeable activities. Local unions which have not exercised the option of presuming that the International Union’s percentage of chargeable activities applies to the local union shall provide a copy of their independent auditor’s report to each nonmember employee represented by the local union.

7. Each objector may challenge the legal and arithmetical bases of the calculations contained

in the independent auditor report(s) by filing an appeal with the International Secretary-Treasurer. Any such appeal must be made by sending a signed letter to the International Secretary-Treasurer postmarked or transmitted via facsimile no later than the earlier of thirty (30) days after the International Secretary-Treasurer has sent a letter to the objector acknowledging receipt of the objection, or thirty (30) days after the International Union has, for the first time, sent a copy of this Legal Notice to the objector.

8. All such appeals received by the union within the time limits specified above shall be determined by expeditious referral to an impartial arbitrator appointed by the American Arbitration Association (AAA) under its rules for impartial determination of union fees and these procedures.

a. All appeals shall be consolidated for submission to the arbitrator. The presentation of evidence and argument to the arbitrator shall be either in writing or at a hearing, as determined by the arbitrator. The arbitrator shall receive and consider the evidence of witnesses by affidavit, giving it such weight as seems proper after consideration of any objection made to its admission. If a hearing is held, it shall be scheduled as soon as the arbitrator can schedule the hearing, and shall be at a location selected by the arbitrator to be the most convenient for those involved in the proceeding.

b. Each party to the arbitration shall bear its own costs. The challengers shall have the option of paying a pro-rata portion of the arbitrator's fees and expenses. The union shall pay the balance of such fees and expenses.

c. Challengers may, at their expense, be represented by counsel or other representative of choice. Challengers need not appear at any hearing and shall instead be permitted to file written statements with the arbitrator no later than the beginning of the arbitration hearing. Post-hearing statements may be filed in accordance with the provisions of Section 8(g). If a hearing is not held, the arbitrator will set the dates by which all written submissions will be received and will decide the case based on the evidence and arguments submitted.

d. If a hearing is held, fourteen (14) days prior to the start of the hearing, a list of all intended exhibits to be introduced at the arbitration by the union and a list of all witnesses the union intends to call, except for exhibits and witnesses the union may introduce for rebuttal. Where a list of exhibits has been provided, challengers shall have a right to receive copies of such exhibits by making a written request for them to the International Secretary-Treasurer. Additionally, copies of all exhibits shall be available for inspection and copying at the hearing.

e. If a hearing is held, a court reporter shall make a transcript of all proceedings before the arbitrator. This transcript shall be the only official record of the proceedings and may be purchased by the challengers. If challengers do not purchase a copy of the transcript, a copy shall be available for inspection by challengers at the International headquarters during normal business hours.

f. The arbitrator shall have control over all procedural matters affecting the arbitration in order to fulfill

the dual needs of an informed and an expeditious arbitration. The arbitrator shall set forth in the decision the bases for the decision, giving full consideration to the legal requirements limiting the amount objectors may be charged.

g. If a hearing is held, the parties to the arbitration shall have the right to file a post-hearing statement within forty-five (45) days after both parties have completed submission of their cases at the hearing. Such statements may not introduce new evidence nor discuss evidence not introduced in the arbitration. The arbitrator shall issue a decision within forty-five (45) days after the final date for submission of post-hearing statements or within such other reasonable period as is consistent with the applicable AAA rules and the requirements of la

l. be final and binding on all findings of fact supported by substantial evidence on the record considered as a whole and on other findings legally permitted to be binding on all parties.

i. Upon receipt of the arbitrator's award, any adjustment in favor of the challenger will be made from the escrow account.

9. Under Section 18.1 of the ATU Constitution and General Laws, each local union will be responsible for collecting and transmitting to the International Union each month from those who have made an objection the amount of the per capita tax certified

as due under these procedures. In addition, each local will be responsible for developing a system covering local union fees that will meet the legal requirements relative to the objectors in the local. If the local union adopts the International procedures concerning fee objections on an integrated basis, no multiple notice (other than providing its independent auditor's report to nonmember employees represented by the local union if the local union has not exercised the option of presuming that the International Union's percentage of chargeable activities applies to the local union), objection, challenge or appeal procedures will be necessary, provided that any challenges to the International calculation pursuant to paragraph 7 of this ATU Statement of Law and Procedures Concerning Union Security Objections must still be filed timely and any delay in the provision of a local union's report shall not toll the thirty-day period for challenging the International calculation. If, however, the local union adopts an independent system covering local union expenditures other than per capita tax, such arrangements must, by law, be included in the local's procedures.

10. The provisions of this procedure shall be considered legally separable. Should any provision or portion hereof be held contrary to la

ll continue to be legally effective and binding.

Amalgamated Society of Employees Analysis of Objectors' Expenses (Modified Cash Basis) - Year Ended June 30, 2018				
Expenses	Net (U.S.) Includable Expenses	Chargeable	Non- Chargeable	Allocation Method
<b>General Fund</b>				
Salaries and expenses	\$ 15,074,835	\$ 12,948,653	\$ 2,126,182	Time Records
Seminars	1,533,385	1,296,784	236,601	Content
Donations, COPE, scholarship and disaster relief expenses	808,740	-	808,740	Non-Chargeable
Per capita taxes	1,322,347	-	1,322,347	Non-Chargeable
Insurance	92,383	75,403	16,980	Time Records
IN TRANSIT expenses	455,292	355,629	99,663	Space and Content
Net building operating expenses and ATU lease	459,361	374,931	84,430	Time Records
Office and administrative	595,951	486,416	109,535	Time Records
Other	1,193,285	989,198	204,087	Various
<b>Funeral and Dismemberment</b>				
<b>Benefits Fund</b>				
Benefits paid	1,257,705	1,257,705	-	100% Chargeable
Net building operating expenses and ATU lease	34,120	34,120	-	100% Chargeable
<b>Defense Fund</b>				
Arbitration expenses	45,323	45,323	-	100% Chargeable
Outside legal fees	1,118,398	974,966	143,432	Identified by case
Legal department salaries and expenses	1,109,713	760,596	349,117	Time Records
Net building operating expenses and ATU lease	104,618	74,383	30,235	Time Records
State battles and local union assistance	358,639	143,381	215,258	Specific Identification
Other	220,815	206,564	14,251	Specific Identification
<b>Convention Fund</b>				
Convention expenses	40,266	40,266	-	100% Chargeable
<b>Health Fund</b>				
Health care expenses	2,515,172	2,052,883	462,289	Time Records
Actuary fees	15,750	12,855	2,895	Time Records
Outside legal and consulting fees	394	322	72	Time Records
Miscellaneous	168,600	137,611	30,989	Time Records
<b>Organizing and Activism Fund</b>				
Salaries and expenses	1,382,956	665,374	717,582	Time Records
Member field mobilization reimbursements	128,009	128,009	-	100% Chargeable
Member organizer reimbursements	47,879	-	47,879	Non-Chargeable
ATU lease	106,875	54,175	52,700	Time Records
Other	679,549	304,966	374,583	Various
<b>Totals</b>	<b>\$ 30,870,360</b>	<b>\$ 23,420,513</b>	<b>\$ 7,449,847</b>	
Percentage	100.00%	75.87%	24.13%	