

Local 1303 Annual Meeting

Saturday, Jan. 5, 2009

10:00 a.m.

Council 4 Conference Room

444 East Main St.

New Britain, CT

Light Refreshments Served

Door Prizes for First 50 Attendees

Info: Call (860) 612-3847

Other Local Union Meetings:

Local 818 Supervisors: Dec. 5, 2008, 6 p.m., New Britain Central Labor Council, 1 Grove St., Room 315B, New Britain, CT. Agenda: Election of officers (President, Vice President, Secretary and Treasurer) and regular order of business.

New Website Explains Municipal Pension Benefits

Many Council 4 members and retirees in the municipal sector are covered under the Connecticut Municipal Employees Retirement System (CMERS), the state's largest municipal employee pension plan.

CMERS has launched a new website to inform employees and retirees about their retiree, disability and death benefits. You can check out the site at:

<http://www.osc.state.ct.us/rbsd/cmers/index.htm>.

CMERS is the public pension plan provided by the State of Connecticut for participating municipalities' employees and is administered by the Office of the State Comptroller, Retirement and Benefit Services Division. Their main number is (860) 702-3480.

New Britain Local 1186 Supports Elks Lodge



Members of Council 4 Local 1186, representing New Britain city and board of education employees, donated \$300 to the Benevolent and Protective Order of Elks, Lodge #957 in memory of fellow union member Conrad "Cory" Conforto, a general works foreman and past Elks leader who died June 23, 2008. The donation is earmarked for the Elks National Foundation, which funds youth activities, veteran advocacy, academic scholarships, drug awareness prevention and more. From left: Past Exalted Rulers of Lodge 957 Robert Ferone and Judy Benikas; current Exalted Ruler Lisa LaBarre; Local 1186 President James Amato and Vice President George Davey, Jr.

Council 4:

Executive Director: Sal Luciano

President: Tom Ledoux

Secretary: Clarke King

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the 4WORD

The Voice of Council 4 AFSCME Connecticut

DEC. 2008

What's Inside

“Yes We Did!”



Clockwise from top left: President-elect Obama at a UAW phone bank in Indiana the day before the election; Council 4 volunteers and friends working the polls in Cheshire; Council 4 Retirees and staff before a 'Labor-to-Labor' walk.

Across the country and in Connecticut, AFSCME members, leaders and staff worked incredibly hard to elect Barack Obama as our 44th President. Our union came together and was a vital part of the movement that made this victory happen. According to exit polling, union members voted supported President-elect Obama 67% to 30% over Sen. John McCain.

Throughout this extraordinary campaign, Barack Obama challenged us to believe that we have the power to change America. On Election Day, America responded to his challenge with a resounding “Yes We Can.” Obama led a sea change in politics that will make a huge difference in people’s lives. We have all been part of something historic and monumental. The biggest challenge comes next: winning on our issues. Just remember: Yes We Did...and, Yes We Will.

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State Employee Union Coalition Meets With Rell

On Nov. 6, 2008, Governor Rell invited leaders of the State Employees Bargaining Agent Coalition (SEBAC) for a presentation on Connecticut’s economy. Council 4 Executive Director Sal Luciano, a voting member of SEBAC’s Executive Board, represented our union.

Gov. Rell and her team talked in general terms about the current fiscal year budget deficit, which is estimated to be nearly \$300 million. The forum was a briefing about the administration’s view of the economy and its potential impact on Connecticut’s budget. There was no discussion about collective bargaining, wages, benefits or early retirement.

Then, on Nov. 12, 2008, Gov. Rell held a press conference to announce projected budget deficits of \$2.6 billion in 2010 and \$3.3 billion in 2011. She described the situation as “a time of opportunity...to streamline government, to return it to its core functions,” also adding that “I will also identify the functions we can no longer afford, and I will be calling on lawmakers to do the same.”

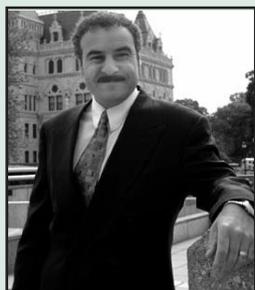
Our union coalition believes the current economic situation must be understood not as budget problem for the state, but as a jobs, services, and quality of life problem for Connecticut’s people. Tough economic times are precisely the time when the people of the state need public services the most. That’s why SEBAC supports the position of President-elect Obama about the need for an economic stimulus package that gets money to the American people and moves resources from Washington to state and local governments.

We need long-term solutions to help us weather the economic storm, not short-term gimmicks. When former Governor John Rowland cut public services back in 2003, he only exacerbated the economic problems Connecticut residents faced then. Repeating those same mistakes would only make the current crisis worse.

We plan to work in partnership with the General Assembly, Gov. Rell, and our state Congressional delegation to help solve the current crisis, continue providing services to Connecticut’s people, rebuild our roads and infrastructure, and create good jobs and strong communities.

Stay tuned to www.council4.org for the latest news on our response to the economic crisis.

REASON TO BELIEVE



I've often used this column to reflect on the poor state of politics and the economy, and given the biggest meltdown any of us has experienced, I won't let you down, but...

While the economy still looks bad and is getting worse by the minute, this is a rare opportunity to talk about something positive on the political front.

Today, we can celebrate the American people's embrace of change, starting with Barack Obama's convincing victory. In fact, pro-worker, pro-union candidates won races in Connecticut and all across the country. Voters decisively rejected the policies of politicians who gave us eight years of declining wages, deteriorating living standards and dismal political discourse.

Election Day was special in our state. More than 200 Council 4 members and staffers dispersed across the state, volunteering at the polls, working the phones and doing whatever was necessary to help our endorsed candidates win. Wherever you saw AFSCME green, you could not help but to feel a sense of hope in the air.

November 4 was the capstone to a long season of political engagement in which our members willingly gave their time to phone banks, labor-to-labor neighborhood walks, rallies and so much more. From the presidential ticket on down through the ballot initiative on a constitutional convention, our members understood and embraced the challenge of transforming American politics.

So let's take a moment, just a moment, to savor this. It was a long time coming.

Barack Obama proved that hope can win over fear and hope can win over hate. And if anyone asks us why we worked so hard for now President-elect Obama, tell them we worked hard for ourselves, our children and their children.

In his first press conference on Nov. 6, President-elect Obama talked about the financial struggles of all Americans, particularly the middle class. He said his number one priority will be jobs. He said it would be foolish in this time of crisis to layoff state and municipal workers. He pledged to try and provide a real stimulus to state and local governments sagging under the weight of the economic downturn and Bush's misguided economics.

Obama's words were audacious. No other president this side of Franklin Delano Roosevelt ever started his administration by stressing the need to support public services and the workers who provide those services. AFSCME members everywhere were cheering.

That is the very good news in a very bad time.

We got the right president in the nick of time. Obama and the new Congress will inherit a host of epic problems: an economic meltdown; a misguided war; a broken health care system; our highest unemployment rate in a quarter century; and a continued escalation in home foreclosures. Need I mention Detroit?

The news in Connecticut is not good either. Gov. Rell met with state employee union leaders (including myself) on Nov. 6. Along

with two economists and her budget director, Robert Genuario, she painted a fairly bleak picture based on the current fiscal year's estimated deficit of \$300 million.

A week later, the governor held a press conference to announce a projected deficit of as much as \$3 billion in the next three years. She did not use the word "layoff" – perhaps demonstrating she learned something while serving as Lieutenant Governor under Rowland – but she did say state government would be reduced to its core functions.

Gov. Rell's budget predictions are extreme, but after three consecutive years of being overly pessimistic and downright wrong, this time she may be right. I hope that, unlike her predecessor, she takes the right course.

When the economy hits bad times, government is booming. Booming in the sense that more people go to jail, more people need food stamps, more people depend on shelters, more people go back to school to retrain for jobs. There is more need for regulation, economic strategic analysis, all the things governments do.

Nobel Prize-winning economist Paul Krugman said this is the right time for the government to spend money on programs and infrastructure. Now is the time to restore vital services that are being cut in communities across American, from public works and education to libraries and public safety. Now is the time to create good-paying jobs on the home front.

Transforming government and jump-starting the economy will not come easily. Nevertheless, we have reason for optimism:

The belief that government is the problem and not the solution, that less government means more opportunity – famously championed by Ronald Reagan, chillingly executed by Bush's henchmen – simply doesn't hold anymore.

It isn't just that the trillion dollar bailout for financial institutions and their executives that turned this anti-government ideology on its head. What does keeping a few percentage points more of your taxes mean if you can't afford to retire? What is it worth if you don't have health insurance? Or a job? Or you're about to lose your home?

President-elect Obama cannot solve these problems by himself. But if his election tells us anything, it's that we have ushered in a new era of 'we' instead of 'me.'

Just as we did in the election, let's hang together and hang tough, so in 2010, we can look back at a tough year, and say we stuck it out. And we did ok.

I can think of no better way to enter the holiday season.

In Solidarity

Sal Luciano

Sal Luciano, Executive Director

In Praise of Betty Kuehnel

Council 4 Area Coordinator Elizabeth “Betty” Kuehnel is retiring after nearly 30 years of extraordinary service to working people.

Betty’s talents as a negotiator, organizer and advocate for working families are second to none. “I’ve always loved my job,” she reflected. “Not many people have that luxury.”

Betty started her union career with the Connecticut State Employees Association (CSEA). She joined AFSCME International in 1980 and helped to lead successful organizing campaigns that brought thousands of state judicial and state clerical employees into Council 4’s membership ranks.

Betty came to work for Council 4 in 1982 as a Service Representative. She served as a Staff Representative and most recently Area Coordinator. She made sure Council 4 members had top-notch representation on the job and at the bargaining table.

Betty served with distinction in many arenas: as an AFL-CIO Executive Board member; as chair of the State Labor Federation’s Women’s Committee and Council 4’s Women’s Committee; as a delegate to the Greater Hartford Central Labor Council; as a board member of the United Labor Agency and the United Way of the Capital Area.

Betty had a powerful impact on women’s earning power in Connecticut through her work on the Steering Committee of the



Betty Kuehnel and her grandson Kevin Morse at last year’s rally to support Meriden city workers

original State of Connecticut Objective Job Evaluation study (OJE). This historic study addressed inequities in wages for positions held by women in state employment.

Betty always injected labor’s concerns into the political process, whether volunteering on campaigns at the local, state and federal levels or helping our union hold lawmakers accountable to workers.

In 1999, Betty helped to form the Association of Council 4 Employees (ACES) bargaining unit, making sure that Council 4 staffers were treated with the same dignity and respect as the union members for whom she fought. From 2001 through 2007 she served as President of ACES.

A native of Hartford, Betty and her husband Bill have been married for 49 years. They have five children and eight grandchildren. While she looks forward to retirement, her work is not entirely done. Gov. M. Jodi Rell recently appointed Betty to serve as an alternate member of the State Board of Mediation and Arbitration, where she will put her problem-solving and relationship-building skills to great use.

With equal parts grace and tenacity, Betty Kuehnel helped to make Connecticut a better place for our members and all working families. “My reward has always been in helping people,” she said.

The reward has been ours.

Local 387 Correction Officers Air Safety, Security Concerns



State correction officers represented by Local 387 held a press conference in front of the John R. Manson Youth Institution in Cheshire to publicize their concerns about safety and security at the prison. Mass inmate movement has triggered an increase in injuries and workers’ compensation claims — a trend that Local 387 members say compromises the facility’s mission and puts the public at risk. “If our safety is in jeopardy, then the public safety is at risk and so is that of the inmate population,” said Local 387 Executive Board member Moises Padilla (pictured at podium), who works as a Correction Officer at MYI.

In Memoriam:

Council 4 members and staff mourn the loss of three active and committed members who recently passed away:

Bertha Allen, Local 318 (State Clerical).

ustodians).

David Carrero, Local 1303-244 (Meriden Housing Authority).

Kurt Holzbauer, Local 1779 (Fairfield School C

We extend our deepest sympathy to the family, friends and co-workers of Bertha, Dave and Kurt.

New Insurance Law Covers Unmarried Children To Age 26

A new law (Public Act 08-147) that goes into effect Jan. 1 of next year requires group health plans in Connecticut to provide coverage for unmarried children up to the age of 26 if they meet the following criteria:

- (1) Age 19 through less than 26;
- (2) A Connecticut resident or full-time student enrolled in an out-of-state college;
- (3) Not enrolled in their employer’s health insurance; and
- (4) Not covered under a group health plan through the child’s own employment.

Special enrollments were scheduled for November and December to allow active and retired State employees to add children meeting the requirements above.

Election 2008 Wrap-Up

In what became an historic election night Nov. 4, Council 4-endorsed candidates and issues prevailed statewide. Our members answered the call to make their voices heard through their votes and their volunteer participation," said Council 4 Political Coordinator Dennis O'Neil.

With the election of Barack Obama as President, union members can expect a sea change in the attitude towards unions. "Eight years of the Bush administration's relentless attacks on labor will finally come to an end," said Council 4 PEOPLE Chair Ray Soucy of Local 387.

Council 4's endorsed candidates for Congress swept the state with the overwhelming re-election of Joe Courtney (D-2) and

Chris Murphy (D-5) and the stunning victory by Jim Himes in Connecticut's 4th district. Himes' defeat of 10-term Republican incumbent Chris Shays which was buoyed in large part by union member turnout.



Members of Local 1522 (Bridgeport City and Board of Education) participated in Labor-to-Labor neighborhood walks and volunteered during phone banks to help elect Anthony Musto, a new pro-labor State Senator in the 22nd District Pictured from left: Local 1522 members Iris DeLopes and Maria Valle, Anthony Musto, Local 1522 President Anna Montalvo and Musto campaign manager Angel De Parra.

Photo by Kathy Jackson.

In the state legislature, Democrats secured a veto proof majority in the Senate and the House. "While it's not a guarantee, this veto-proof majority gives pro-worker lawmakers on both sides of the aisle greater ability to stand up to Governor Rell and overturn vetos of legislation critical to working families," O'Neil noted.

Stratford Local 3804 Member Wins Back Job

Council 4 and Local 3804 praised an arbitration panel's ruling that ordered the reinstatement of a Stratford town employee to her job as assistant assessor.

A three-member panel of the state Labor Board of Mediation and Arbitration ruled in favor of Rosalyn Dupuis, noting in a 2-1 decision the town violated the collective bargaining agreement when it eliminated her job in January 2007. "The grievant shall be reinstated and returned to work and granted sufficient time to hone her skills performing field inspections," the arbitration panel said in its decision.

Dupuis was serving as vice president of Local 3804 at the time her job was eliminated. Seven months earlier, the town eliminated the positions of six members of Local 3804, including the former president and vice president, prompting Council 4 to file anti-union animus charges with the labor board. That case is still in litigation.

Council 4 Staff Representative Donna Johnson presented the case on behalf of Local 3804.

Voters Reject Extremist Ballot Questions

Connecticut voters strongly rejected a ballot question calling for a special convention to revise the state constitution.

Council 4 mobilized members in opposition to Question 1 as part of our union's "Get Out the Vote" campaign. Top elected officials and leading constitutional scholars also opposed the question.

"Once I realized what this issue was really about, I was determined to spread the word and do my part to defeat it," said Cara Pianka of Local 1303-125 (City of New London).

Proponents of the convention included Susan Kniep of the Federation of Connecticut Taxpayer Organizations and Matthew Daly, a supporter of the anti-union Yankee Institute. Their goal was to use a convention to undermine collective bargaining rights for public service workers.

In Bristol, voters soundly turned down a ballot question that would have established the position of chief operating officer (COO). Union members were among those who opposed the initiative based on cost and a lack of accountability.

Council 4 Honors Veterans With Donation of New TVs



As part of our union's continuing campaign to improve the quality of life for state war veterans, Council 4 members ushered in Veterans Day 2008 by presenting eight new wide screen televisions for use by residents and patients at the Connecticut Veterans Home in Rocky Hill. Council 4 donated five 67" wide screen plasma TVs and three 47" TVs. "I think the televisions are fabulous," said Navy Veteran Keith Johnson. "The old TVs we had were small and outdated. Your union brought us into the newer technology age."

Local 1214 Recognizes Past President Jacob Jakubowski



Local 1214, representing employees at Charter Oak State College in New Britain, honored immediate past president Jason Jakubowski at their November membership meeting. Pictured from left: Local Secretary Susan Champine; Treasurer Michael Williams; Jason Jakubowski; President Carolyn Rogers; and Treasurer Michelle Wojtyna. Local 1214 members help Charter Oak meet its public mission as an accredited, distance learning college offering online courses and degree completion programs.

**NOTICE TO ALL NON-MEMBER AGENCY FEE PAYERS
BASED ON EXPENSES FOR THE YEAR ENDED 12/31/07**

This Notice is being provided to all individuals who pay agency fees to Council 4 of the American Federation of State, County and Municipal Employees. (Hereinafter "AFSCME Council 4") under collective bargaining agreements between AFSCME Council 4 and various employers in the State of Connecticut. Such Notice is being implemented pursuant to Article IX, Section 15 of the International Constitution in order to comply with the requirements of the decisions of the United States Supreme Court in Chicago Teachers Union Local No. 1, AFT, AFL-CIO et. al. v. Hudson, 106 S. Ct. 1066, 275 U.S. 292 (1986), and Communications Workers v. Beck, 108 S. Ct. 2641 (1988).
PLEASE READ THIS NOTICE CAREFULLY. IT CONTAINS IMPORTANT INFORMATION AND PROCEDURES REGARDING YOUR LEGAL RIGHTS.

The AFSCME Council 4 Agency Fee

As a non-member agency fee payer you are being charged an agency fee which is equal to the regular dues, fees and assessments paid by AFSCME Council 4 members. This fee is in accordance with provisions of Connecticut law and the collective bargaining agreements between AFSCME Council 4 affiliates and various employers in the State of Connecticut.

CATEGORIES OF CHARGEABLE ACTIVITIES

- A. Expenses associated with the following activities are totally chargeable to fair share fee payers in this calculation:
- Gathering information in preparation for the negotiation of collective bargaining agreements.
 - Gathering information from employees concerning collective bargaining positions.
 - Negotiating collective bargaining agreements.
 - Administration of ballot procedures on the ratification of negotiated agreements.
 - The public advertising of AFSCME's positions on the negotiation, ratification, or implementation of collective bargaining agreements.
 - Lobbying for the negotiation, ratification or implementation of a collective bargaining agreement.
 - Adjusting grievances pursuant to the provisions of collective bargaining agreements, enforcing collective bargaining agreements and representing employees in proceedings under civil service laws or regulations.
 - Purchasing books, reports, and advance sheets used in (a) negotiating and administering collective bargaining agreements, (b) processing grievances.
 - Paying technicians in labor law, economics and other subjects for services used (a) in negotiating and administering collective bargaining agreements, (b) in processing grievances.
 - Defending AFSCME against efforts by other unions or organizing committees to gain representation rights in units represented by AFSCME.
 - Proceedings regarding jurisdictional controversies under the AFL-CIO constitution.
 - Membership meetings and conventions held at least in part to determine the positions of employees on collective bargaining issues, contract administration and other matters affecting wages, hours and working conditions, including the cost of sending representatives to such meetings and conventions.
- Internal communications which concern collective bargaining issues, contract administration, public employment generally, employee development, unemployment, job opportunities, award programs and other matters affecting wages, hours and working conditions.
- Impasse procedures, including fact finding, mediation, arbitration, strikes, slow-downs, and work stoppages, over provisions of collective bargaining agreements and the administration thereof, so long as they are legal under state law. These costs may include preparation for strikes, slow-downs, and work stoppages regardless of their legality under state law, so long as no illegal conduct actually occurs.
 - The prosecution or defense of arbitration, litigation or charges to obtain ratification, interpretation, implementation or enforcement of collective bargaining agreements and any other litigation before agencies or in the courts which concerns bargaining unit employees which is normally conducted by an exclusive representative.
- B. Expenses associated with the following activities are treated as chargeable to objecting fee payers to the extent that they are germane to collective bargaining activity, are justified by the government's vital policy interest in labor peace and avoiding free riders, and do not significantly add to the burden on free speech that is inherent in the allowance of any agency or union shop:
- Services provided by a parent organization to other bargaining units, which are provided from the pool of resources available to all units, and may ultimately inure to the benefit of the members of the local bargaining unit.
 - Purchasing books, reports, and advance sheets used in activities or for purposes other than negotiating collective bargaining agreements and processing grievances.
 - Paying technicians in labor law, economics and other subjects for services used in activities other than negotiating, implementing and administering collective bargaining agreements and processing grievances.
 - Supporting and paying affiliation fees to other labor organizations which do not negotiate the collective bargaining agreements governing the fair share fee payer's employment.
 - Membership meetings and conventions held for purposes other than to determine the positions of employees on collective bargaining issues, contract grievance adjustment or other matters affecting wages, hours and working conditions.
 - Internal communications which concern subjects other than collective bargaining issues, contract administration, public employment generally, employee development, unemployment, jobs opportunities, award programs, or other matters affecting wages, hours and working conditions.
 - Organizing within the bargaining unit in which fair share fee payers are employed.
 - Organizing other bargaining units.
 - Seeking to gain representation rights in units not represented by AFSCME, including units where there is an existing designated representative.
 - Prosecution or defense of arbitration, litigation or charges involving matters other than the ratification, interpretation, implementation or enforcement of collective bargaining agreements, or which relates to the maintenance of the union's associational or corporate existence.
 - Lobbying for purposes other than the negotiation, ratification or implementation of a collective bargaining agreement.
 - Social and recreational activities.
 - Payments for insurance, medical care, retirement, disability, death, and related benefit plans for union employees, staff and officers.
 - Administrative activities and expenses allocable to AFSCME's activities and expenses for which fair share fee payers are charged.
- C. Expenses associated with the following activities are not charged to objecting fee payers in this calculation.
- Training in voter registration, get-out-the-vote, and political campaign techniques.
 - Supporting and contributing to charitable organizations.
 - Contributing to political organizations and candidates for public office.
 - Supporting and contributing to ideological causes.
 - Supporting and contributing to international affairs.
 - The public advertising of AFSCME's position on issues other than negotiation, ratification, or implementation of collective bargaining agreements.
 - Member-only benefits.

AFSCME COUNCIL 4 CALCULATION OF AGENCY FEE CHARGEABLE TO OBJECTING FEE PAYER

Applying the categories of chargeable and nonchargeable expenses to the activities and expenses of AFSCME for the year ending December 31, 2007, it was determined that 66.353% of the expenses of AFSCME were chargeable to objecting agency fee payers (See Section 2, Table 1). Applying these criteria to the activities and expenses of AFSCME Council 4 and its affiliated locals for the 2007 fiscal year, it was determined that 96.464% of the expenses of AFSCME Council 4 and its affiliated locals were properly chargeable to objecting agency fee payers (see Section 2, Table 1).

These percentages have been combined to form a weighted average, based upon AFSCME, AFSCME Council 4 and its affiliated locals component of the agency fee (see section on the chargeable expenditures of AFSCME Council 4's affiliated locals which follows) of 82.41%. This calculation results in an agency fee chargeable to objecting fee payers which is 82.41% of the regular dues, fees and assessments paid by AFSCME Council 4 members. This agency fee chargeable to objecting fee payers is effective from January 1, 2009 to

December 31, 2009.

In December 2009, you will receive another Notice concerning the fee that will be chargeable to objecting agency fee payers for the period from January 1, 2010 to December 31, 2010. This fee will be based upon an analysis of the activities and expenses of AFSCME, AFSCME Council 4 and its affiliated locals for the 2008 fiscal year.

The AFSCME Council 4 fee chargeable to objecting agency fee payers was based upon the following audited financial information. The financial information sets forth the expenditures of AFSCME and AFSCME Council 4 in major categories of expenditures, audited by an independent accountant. The following tables detail which portion of the total audited expenditures of AFSCME and AFSCME Council 4 are chargeable to objecting agency fee payers pursuant to the criteria set forth above.

AFSCME INTERNATIONAL CALCULATION OF CHARGEABLE EXPENSE BASED ON EXPENSE DURING THE YEAR ENDED DECEMBER 31, 2007, APPLICABLE FOR THE PERIOD JANUARY-DECEMBER 2009

Report of the Independent Auditors.....	Sec. 1
<i>Financial Statements:</i>	
Consolidated Schedules of Expenses and Allocation between Chargeable and Nonchargeable Expenses for the Year Ended December 31, 2007.....	Sec. 2
Notes to Consolidated Schedule of Expenses and Allocation between Chargeable and Nonchargeable Expenses.....	Sec. 3

**Section 1
REPORT OF INDEPENDENT AUDITORS**

To the Executive Board American Federation of State, County and Municipal Employees, AFL-CIO

We have audited the accompanying consolidated schedule of expenses and allocation between chargeable expenses and nonchargeable expenses of the American Federation of State, County and Municipal Employees, AFL-CIO for the year ended December 31, 2007. This schedule is the responsibility of AFSCME's management. Our responsibility is to express an opinion on this schedule based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated schedule of expenses and allocation between chargeable expenses and nonchargeable expenses is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

Except as discussed in Note 1 and Note 3(k), the expenses reflected in the total expenses column agree with the expenses in the audited consolidated financial statements of AFSCME for the year ended December 31, 2007. The allocation of expenses between chargeable and nonchargeable is based on the definitions presented in Note 2 and the significant factors and assumptions described in Note 3. The accompanying schedule was prepared for the purpose of determining the fair share cost of services rendered by AFSCME for employees represented by, but not members of, AFSCME. The accompanying schedule is not intended to be a complete presentation of AFSCME consolidated financial statements.

In our opinion, the consolidated schedule of expenses referred to above presents fairly, in all material respects, the expenses of the American Federation of State, County and Municipal Employees, AFL-CIO for the year ended December 31, 2007, and the allocation between chargeable expenses and nonchargeable expenses, on the basis of the definitions presented in Note 2, and the significant factors and assumptions described in Note 3.

Bond Beebe
A Professional Corporation
Bethesda, MD October 1, 2008

**Section 2
AFSCME American Federation of State, County and Municipal Employees, AFL-CIO
CONSOLIDATED SCHEDULE OF EXPENSES AND ALLOCATION BETWEEN CHARGEABLE EXPENSES AND NONCHARGEABLE EXPENSES FOR THE YEAR ENDED DEC. 31, 2007**

	<u>Total Expenses</u>	<u>Chargeable Expenses</u>	<u>Non-Chargeable Expenses</u>
EXPENSES			
Affiliate Relations	1,586,811	\$ 1,586,811	\$ -
Assistance to Affiliates	8,804,950	6,742,878	2,062,072
Auditing	1,811,384	1,778,023	33,361
Conference and Travel Services	2,397,915	1,654,561	743,354
Education	4,956,457	4,507,398	449,059
Executive Board	986,819	986,819	-
Field Services	36,782,001	36,488,738	295,263
Financial Services	10,252,940	7,074,529	3,178,411
General Counsel	2,934,475	2,507,236	427,239
General Operating and Building Service	8,785,520	8,785,520	-
Human Resources	1,108,049	764,554	343,495
Information Systems	4,883,077	3,369,323	1,513,754
Inter-union Affiliations	19,155,683	10,856,541	8,299,142
International Relations	613,822	-	613,822
Judicial Panel	862,907	862,907	-
Legislation	3,181,459	160,887	3,020,572
Political Action	26,380,368	(100,023)	26,480,391
President's Office	3,149,559	2,173,196	976,363
Public Affairs	7,222,096	4,918,383	2,303,713
Research	7,044,994	6,627,509	417,485
Retirees	1,293,428	529,570	763,858
Secretary - Treasurer's Office	1,485,018	1,024,662	460,356
	<u>155,679,732</u>	<u>\$ 103,298,022</u>	<u>\$ 52,381,710</u>
PERCENTAGE	<u>100.000 %</u>	<u>66.353 %</u>	<u>33.647 %</u>

**Section 3
AMERICAN FEDERATION OF STATE, COUNTY AND MUNICIPAL EMPLOYEES, AFL-CIO AND SUBSIDIARY NOTES TO CONSOLIDATED SCHEDULE OF EXPENSES AND ALLOCATION BETWEEN CHARGEABLE AND NONCHARGEABLE EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2007.**

NOTE 1: SUMMARY OF ACCOUNTING POLICIES

Principle of Consolidation

The consolidated schedule includes the expense accounts of the American Federation of State, County and Municipal Employees, AFL-CIO (AFSCME) and AFSCME Building Corporation (Subsidiary). All intercompany transactions have been eliminated in consolidation. The direct expenses related to the PEOPLE Committee (PEOPLE) and the Fallen Heroes Fund, which are included in the audited consolidated financial statements of AFSCME, are not included in this consolidated schedule.

Depreciation

Property assets are depreciated by the straight-line method at rates calculated to amortize the cost of the assets over their respective estimated useful lives.

NOTE 2: DEFINITIONS

Chargeable Expenses

Chargeable expenses include those incurred by AFSCME that reflect the share of the costs of operations of AFSCME which are considered necessarily and reasonably incurred for the purpose of assisting affiliated councils and local unions in the performance of their duties as representatives of the employees in dealing with the employer on labor management issues, including the costs of: negotiating and administering, and securing the ratification and implementation of collective bargaining agreements; settling grievances and disputes by mutual agreement, or in arbitration, court or otherwise; activities and undertakings normally and reasonably employed to implement the duties of AFSCME as the representative of the employees; pursuing ratification or implementation of agreements affecting employees represented by AFSCME before legislative or administrative bodies; communicating with employees on matters of concern to them; and the maintenance of the associational existence of AFSCME and its affiliates.

The following are examples of expenses classified as chargeable: preparation for the negotiation and the negotiation of collective bargaining agreements; contract administration, including investigating and processing grievances; meetings, conferences, administrative and arbitral proceedings, and pertinent investigation and research in connection with work-related subjects and issues; handling work-related problems of employees; communications with employers, elected officials, governmental agencies, and media with respect to AFSCME's position on collective bargaining related matters; lobbying and legislative activities with respect to matters concerning the negotiation, ratification or implementation of collective bargaining agreements; and providing legal, economic and technical expertise on behalf of employees in all work-related matters.

Nonchargeable Expenses

Nonchargeable expenses include those of an ideological or political nature and expenses incurred for activities unrelated to collective bargaining and the work-related interests of employees. Also included as a category of nonchargeable expenses is the cost of providing benefits that are only available to union members.

The term "political" is defined as support of, or opposition to, political parties or candidates for political office and expenses associated with fundraising for such activities. Also included in the definition of "political" are voter registration and political get out the vote efforts. The term "ideological" is defined as support for certain positions that AFSCME may take which are not work-related or do not have an impact on the wages, hours or working conditions of employees represented by AFSCME.

The following are examples of expenses classified as nonchargeable: contributions to political candidates and political parties; fundraising for political candidates, political parties, or political action committees; voter registration and political get out the vote activities; International affairs; activities concerning judicial nominations; endorsements of political candidates; contributions to or participation in activities sponsored by organizations that are unrelated to collective bargaining or other work-related interests; scholarships and other monetary aid provided to the families of members; and members only discounted benefits.

NOTE 3: SIGNIFICANT FACTORS AND ASSUMPTIONS RELATING TO THE ALLOCATION OF EXPENSES BETWEEN CHARGEABLE AND NONCHARGEABLE EXPENSES

Significant factors and assumptions underlying the allocation of expenses between chargeable and nonchargeable amounts are summarized as follows:

- For purposes of the calculation, except as noted below, departments are classified as either programmatic or administrative departments. Programmatic departments implement the programs of AFSCME, and provide services to AFSCME affiliates. Allocations of chargeable and nonchargeable expenses of the programmatic departments are made on the basis of a review of the activities and expenses of the individual departments. Administrative departments oversee and coordinate the functions of AFSCME and provide support functions to the programmatic departments. Included among the administrative departments are the International Union Officers and their staffs, Financial Services, Human Resources, Meeting and Travel, and the other Union governing bodies. The expenses for the administrative departments are allocated as chargeable and nonchargeable in the same proportion as the total chargeable expenses and nonchargeable expenses of the programmatic departments. The overhead attributable to the programmatic departments is included as an administrative department expense in determining the chargeable and nonchargeable proportion of their expenses. The expenses of the Judicial Panel are determined to be fully chargeable.
- Costs associated with AFSCME publications, including editorial, production, and distribution expenses, are allocated on the basis of a column inch analysis of the chargeable content of the publication.
- For the purpose of allocating personnel costs, it is assumed that employees work 7 hours per day and 232 days per year. The employee benefits percentage rate is based on a comparison of total department employee benefits to total department salary costs. Employee benefits are allocated on a departmental basis, based upon total chargeable and nonchargeable salary, multiplied by the benefits percentage rate.
- Activities of the programmatic department staff are individually analyzed and are allocated on the basis of chargeable activities. The personnel costs of the public affairs staff involved in the editing or production of AFSCME's publications are allocated on the basis of the chargeable content of the publications.
- Reimbursed and charged travel expenses of the programmatic department staff are individually analyzed and allocated as chargeable or nonchargeable depending on the nature of the activity. Reimbursed expenses of the Public Affairs staff involved in the editing and production of AFSCME publications are allocated on the basis of the chargeable content of the publication.
- Headquarters overhead expenses are allocated on the basis of the activities of headquarters personnel. All headquarters overhead expenses are allocated to headquarters departments on the basis of the individual department's percentage of total headquarters salary costs. Included in the calculation of headquarters overhead costs are general operating and building service costs. Overhead expenses allocated to each department are allocated between chargeable and nonchargeable on the basis of chargeable salaries as a percentage of total salaries within that department.
- Field overhead expenses are pooled and allocated on the basis of the activities and salaries of field staff. Included in the calculation of field overhead costs are office rental, equipment, and general operating costs of the field offices. Field overhead expenses are allocated between chargeable and nonchargeable on the basis of chargeable field staff salaries as a percentage of total field staff salaries.
- Assistance to AFSCME affiliates is individually analyzed and allocated on the basis of their chargeable content.
- Contributions and participations are individually analyzed and allocated on the basis of their chargeable content.
- Affiliation payments to other labor organizations are either treated as entirely nonchargeable or allocated on the basis of the percentage of chargeable expenses of the recipient organization.
- Per capita rebates and CSOP grants of \$1,416,029 classified as assistance to affiliates for purposes of this allocation are offset against per capita income in the audited consolidated financial statements of AFSCME and Subsidiary.

AFSCME - CONNECTICUT COUNCIL NO. 4 SCHEDULES OF EXPENSES AND ALLOCATION BETWEEN CHARGEABLE AND NONCHARGEABLE EXPENSES YEAR ENDED DECEMBER 31, 2007

Based On Expenses during the Year Ended 12/31/07
Applicable to Agency Fees for the Period January -December 2009

Independent Auditor's Report.....Sec. 1
Consolidated schedule of expen.....Sec. 2
Notes to consolidated schedule of expenses and allocation between chargeable and nonchargeable expenses.....Sec. 3

**Section 1
INDEPENDENT AUDITOR'S REPORT**

Executive Board
AFSCME CONNECTICUT COUNCIL NO. 4

We have audited the accompanying consolidated schedule of expenses and allocation between chargeable and nonchargeable expenses of AFSCME-CONNECTICUT COUNCIL NO. 4 (the "Council") for the year ended December 31, 2007. This schedule is the responsibility of the Council's management. Our responsibility is to express an opinion on this schedule based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated schedule of expenses and allocation between chargeable and nonchargeable expenses is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the schedule. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

The allocation of expenses between chargeable and nonchargeable expenses is based on the definitions presented in Note 2 and the significant factors and assumptions described in Note 3. The accompanying schedule was prepared for the purpose of determining the fair share cost of services rendered by AFSCME for employees represented by, but not members of, AFSCME. The accompanying schedule is not intended to be a complete presentation of the Council's consolidated financial statement.

In our opinion, the consolidated schedule of expenses referred to above presents fairly, in all material respects, the expenses of AFSCME-CONNECTICUT COUNCIL NO. 4 for the year ended December 31, 2007, and the allocation between chargeable and nonchargeable expenses, on the basis of the definitions presented in the Note 2, and the significant factors and assumptions described in Note 3.

Filemeno & Company P.C.
West Hartford, Connecticut
November 3, 2008

**Section 2
CONSOLIDATED SCHEDULE OF EXPENSES AND ALLOCATION BETWEEN CHARGEABLE AND NONCHARGEABLE EXPENSES FOR THE YEAR ENDED DEC. 31, 2007**

	TOTAL AUDITED EXPENSES	ALLOCATED NONCHARGEABLE EXPENSES	CHARGEABLE EXPENSES
Salaries	\$ 4,190,172	\$ 76,545	\$ 4,113,627
Employee benefits	1,456,712	21,298	1,435,414
Payroll taxes	347,683	5,592	342,091
Auto allowances	239,700	---	239,700
Legal fees	157,755	---	157,755
Professional services	169,038	---	169,038
Auto expenses	187,942	---	87,942
Newspaper and mailing costs	116,831	99,774	17,057
Office supplies and expenses	117,840	---	117,840
Conferences and convention expenses	85,256	---	85,256
Telephone	80,852	---	80,852
Utilities and janitorial	89,972	---	89,972
Depreciation	58,447	---	58,447
Equipment repairs and service contracts	78,537	---	78,537
Arbitration - contract impasse	65,170	---	65,170
Insurance and bonds	43,095	---	43,095
Union promotion	43,186	---	43,186
Political Action Committee	74,778	74,778	---
Property and sales tax	38,257	---	38,257
Dues and subscriptions	28,474	---	28,474
Unemployment taxes	17,754	232	17,522
Training	12,815	---	12,815
Worker's compensation	33,735	461	33,274
Postage	28,581	---	28,581
Other	3,925	---	3,925
Meeting expenses	14,952	---	14,952
Public and employer relations	18,423	---	18,423
Educational programs	17,660	---	17,660
Delegate expenses	22,625	---	22,625
Organizing	17,545	---	17,545
Per diem expenses	11,107	---	11,107
Miscellaneous field expenses	5,933	---	5,933
Public transportation	3,420	---	3,420
Flowers and benevolences	2,087	---	2,087
Total expenses	\$ 7,881,772	\$ 278,680	\$ 7,603,092
Percentage	100.000%	3.538%	96.464%

See notes to consolidated schedule of expenses and allocation between chargeable and nonchargeable expenses.

**Section 3
NOTES TO CONSOLIDATED SCHEDULE OF EXPENSES AND ALLOCATION BETWEEN CHARGEABLE AND NONCHARGEABLE EXPENSES AFSCME-CONNECTICUT COUNCIL 4 AND CONSOLIDATED SUBSIDIARIES - DECEMBER 31, 2007**

1. CONSOLIDATED ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The Consolidated Schedule of Expenses and Allocation between Chargeable and Nonchargeable Expenses includes the expense accounts of AFSCME Connecticut Council No. 4 ("The Council"), AFSCME Building Corporation and AFSCME Council No. 4 OPC. All intercompany transactions have been eliminated in consolidation.

BASIS OF ACCOUNTING

The accompanying schedule of expenses has been prepared on the accrual basis of accounting.

DEPRECIATION

All property and equipment are depreciated on the straight-line method, at rates computed to depreciate the cost over the estimated useful lives of the assets.

INCOME TAX STATUS

The Council is a 501(c)(5) labor organization exempt from income tax as provided under section 501(a) of the Internal Revenue Code.

2. DEFINITIONS

CHARGEABLE EXPENSES

Chargeable expenses are those incurred by the Council that reflect the share of the costs of operations of the Council which are considered necessarily and reasonably incurred for the purpose of assisting affiliated local unions in the performance of their duties as representative of the employees in dealing with the employer of labor management issue, including the costs of: negotiating, administering and securing the ratification and implementation of collective bargaining contracts; settling grievances and disputes by mutual agreement, or in arbitration, court or otherwise; activities and undertakings normally and reasonably employed to implement the duties of the local union as representative of the employees in the bargaining unit; pursuing ratification or implementation of agreements affecting employees represented by the Local Union before legislative or administrative bodies; communicating with employees or the general public on matters of concern to employees represented by the Local Union; and the maintenance of the Council's and local union's associational existence.

The following are examples of expenses classified as chargeable: preparation for the negotiation and the negotiation of collective bargaining agreements; contract administration, including investigating and processing grievances; meetings, conferences, administrative and arbitral proceedings, and pertinent investigation and research in connection with work-related subjects and issues; handling work-related problems of employees; communications with employers, elected officials, government agencies, and media with respect to AFSCME's position on collective bargaining related matters; lobbying and legislative activities with respect to matters concerning the negotiation, and ratification or implementation of collective bargaining agreements; and providing legal, economic and technical expertise on behalf of employees in all work-related matters.

NONCHARGEABLE EXPENSES

Nonchargeable expenses include those of an ideological or political nature and expenses incurred for activities unrelated to collective bargaining and the work-related interests of employees. Also included as a category of nonchargeable expenses are "members only benefits," or Council 4 benefits available only to members.

The term "political" is defined as support of, or opposition to, political parties or candidates for political office and expenses associated with fundraising for such activities. Also included in the definition of "political" are voter registration and political get out the vote efforts. The term "ideological" is defined as support for certain positions that AFSCME may take which are not work-related or do not have an impact on the wages, hours or working conditions of employees represented by AFSCME.

The following are examples of expenses classified as nonchargeable: contributions to political candidates and political parties; political action committees; and participation in activities sponsored by organizations that are unrelated to collective bargaining or other work-related business.

3. SIGNIFICANT FACTORS AND ASSUMPTIONS RELATING TO THE ALLOCATION OF EXPENSES

a. Costs associated with AFSCME publications, including editorial, production, and distribution expenses, are allocated on the basis of a column inch analysis or the chargeable content of the publication.

b. The costs of employee salaries, payroll taxes, unemployment compensation, workers compensation and employee benefits associated with AFSCME publications are allocated based on chargeable content of the publication.

c. Costs associated with supporting political candidates for public office are considered one-hundred percent nonchargeable.

AFSCME - CONNECTICUT COUNCIL NO. 4 AGENCY FEE WORKSHEET EFFECTIVE FOR JANUARY 1, 2009 TO DECEMBER 31, 2009 (BASED ON 2007 CONSOLIDATED AUDITED EXPENSES)

	CHARGEABLE PERCENTAGE	NON CHARGEABLE PERCENTAGE	
International percentage	66.353%	33.647%	
Council percentage	96.464%	3.536%	
Chargeable rate to be included in notice to percent agency fee payer and union shop members calculated as follows:			
	RATE	PERCENTAGE	TOTAL
International Dues Rate	10.75	66.353%	7.13
AFSCME Connecticut Council No. 4 Dues Rate	18.80	96.464%	18.13
Member Chapter Dues Rate	1.90	---	---
Local Dues Rate	1.20	---	---
Total	30.65		25.26
Total Chargeable Percentage		82.41%	

THE CHARGEABLE EXPENDITURES OF AFSCME COUNCIL 4's AFFILIATED LOCALS

AFSCME Council 4 has over 65 affiliated local unions. In accordance with the decisions of the Federal Courts on the question of how local union expenditures should be allocated for the purpose of determining the agency fee chargeable to objecting fee payers, AFSCME Council 4 relies upon the "Local Union Presumption." AFSCME Council 4 has determined that the percentage activities of these local unions which are chargeable to objecting agency fee payers is at least as great as the percentage of chargeable activities of Council 4, and therefore, utilizes the same percentage for AFSCME Council 4 and the local unions.

AFSCME COUNCIL 4's PROCEDURE FOR OBJECTING TO THE EXPENDITURE OF A PORTION OF AGENCY FEES ON NONCHARGEABLE ACTIVITIES

AFSCME Council 4 has established the following procedure for non-members who object to the expenditure of a portion of their agency fee on activities and expenses that AFSCME Council 4 has determined are nonchargeable to objecting fee payers and who want an advance rebate of that portion of their fees spent on such activities and expenses. PLEASE READ THIS PROCEDURE CAREFULLY. YOU MUST COMPLY WITH THIS PROCEDURE IN ORDER TO REGISTER AN OBJECTION AND RECEIVE AN ADVANCE REBATE.

A. Objection Procedure

Non-member agency fee payers who wish to object to the expenditure of a portion of their fees on those activities and expenses that AFSCME Council 4 has determined are nonchargeable must so inform AFSCME Council 4 individually in writing. The written objection by mail must include the non-member's name, address, job title, employer, work location, and local affiliation if known. Written objections must be sent to AFSCME Council 4 at the following address, postmarked no later than January 15, 2009.

SAL LUCIANO, EXECUTIVE DIRECTOR
CONNECTICUT COUNCIL 4 AFSCME. AFL-CIO
444 EAST MAIN STREET
NEW BRITAIN, CONNECTICUT 06051

B. Advance Rebate

Upon receipt of the written objection, Council 4 will pay to the objecting agency fee payer an advance rebate equal to the difference between the fees collected from the objecting fee payer and that portion of the dues found chargeable by AFSCME Council 4 in accordance with the calculation set forth in this Notice. The advance rebate will be paid for the period from January 1, 2009 to December 31, 2009. The advance rebate will be paid in a lump sum.

Objecting agency fee payers and agency fee payers challenging the calculation of chargeable versus nonchargeable expenses shall receive advance rebates in the same amount and on the same basis.

AFSCME COUNCIL 4'S PROCEDURE FOR CHALLENGING THE CALCULATION OF CHARGEABLE VERSUS NONCHARGEABLE EXPENSES

AFSCME Council 4 has established the following procedures for objecting non-member agency fee payers who wish to challenge the AFSCME Council 4 calculation of chargeable versus nonchargeable expenses. PLEASE READ THIS PROCEDURE CAREFULLY. YOU MUST COMPLY WITH THIS PROCEDURE IN ORDER TO CHALLENGE THE AFSCME COUNCIL 4 CALCULATION OF CHARGEABLE VERSUS NONCHARGEABLE EXPENSES.

A. Challenges

Individual nonmember agency fee payers who wish to challenge the AFSCME Council 4 calculation of chargeable versus nonchargeable expenses which is set forth in this Notice must inform AFSCME Council 4 of their challenge individually in writing. The written challenge must include the challenger's name, address, job title, employer work location, and local affiliation if known.

The written challenge must be sent to AFSCME Council 4 by mail at the following address, postmarked no later than January 15, 2009.

SAL LUCIANO, EXECUTIVE DIRECTOR
CONNECTICUT COUNCIL 4 AFSCME, AFL-CIO
444 EAST MAIN STREET
NEW BRITAIN, CT 06051

B. Advance Rebate

Upon receipt of the written challenge, AFSCME Council 4 will pay to the challenger-agency fee payer an advance rebate equal to the difference between the fees collected from the challenger-agency fee payer and that portion of the dues or fees found chargeable by AFSCME Council 4 in accordance with the calculation set forth in the Notice. The advance rebate will be paid for the period from January 1, 2009 to December 31, 2009. The advance rebate will be paid in a lump sum.

Objecting agency fee payers and agency fee payers challenging the calculation of chargeable versus nonchargeable expenses shall receive advance rebates in the same amount and on the same basis.

C. Escrow of Agency Fees in Dispute

Upon receipt of the written challenge AFSCME Council 4 shall place an amount equal to 100 percent of the agency fee paid by the challenger since January 1, 2009 minus the advance rebate, in an interest bearing escrow account and that amount in escrow shall be independently verified. The agency fees shall remain in escrow until the arbitration award issues and the escrow shall be distributed, along with accrued interest, to AFSCME Council 4 and the challenger pursuant to the arbitrator's ruling.

D. AFSCME Council 4 Arbitration Procedure

An impartial decision maker will be appointed by the American Arbitration Association ("AAA") to resolve all challenges to the AFSCME Council 4 calculation of the agency fee chargeable to objecting fee payers. All challenges to AFSCME Council 4's calculation will be consolidated into a single proceeding. The impartial arbitrator will hold hearings beginning within 30 days after the close of the challenge period in which the challengers can participate personally or through a representative. In these hearings, AFSCME Council 4 will have the burden of proof regarding the accuracy of the calculation of chargeable versus nonchargeable expenses. The challenger will be given an opportunity to present their own evidence and to present written arguments in support of their position. The arbitrator will issue a written decision and award on the basis of the evidence presented. An arbitrator's award shall issue no later than 120 days after the close of the challenge period.

Upon receipt of the written challenge, AFSCME Council 4 or the AAA will contact the challenger by mail and provide the challenger with a copy of the AAA Rules concerning the arbitration of agency fee challenges or other rules applicable to the arbitration procedure. In addition, AFSCME Council 4 or the AAA will inform the challenger that copies of documents upon which the calculation was based and exhibits that the International, AFSCME Council 4 and its affiliated locals intend to introduce into the record of the arbitration proceedings except from rebuttal exhibits, which will be made available for inspection and copying at a reasonable charge in advance of the arbitration hearing at the offices of AFSCME Council 4 or the affiliated local during regular hours.

After the selection of the arbitrator by the AAA, the arbitrator will contact the Union and the challengers by mail with the date, time and place of the prehearing conference. The time and place of the conference will be selected by the arbitrator. The purpose of the prehearing conference is to, inter alia, establish the date(s) and place(s) of the hearings on the challenges and to establish procedures for the conduct of the hearings. If either the Union or the challengers do not participate in the prehearing conference, these matters will be resolved by the arbitrator in their absence.

After the completion of the prehearing conference, the arbitrator will notify the Union and the challengers by mail of the date, time and place of the first day of the hearing. The notice will also state that if the challenges fail to participate in the hearing, the arbitrator can close the record after the introduction of the union's evidence and issue a ruling on the basis of the record and the argument presented by the Union.

The arbitrator's award will issue no later than 120 days after the close of the challenge procedure.

When a decision on the challenges issues, the funds in the escrow account shall be distributed in accordance with the arbitrator's award. In addition, the challengers shall receive an additional advance rebate for the balance of the certification year in accordance with the arbitrator's award where appropriate. If the arbitrator determines that the chargeable percentage, or the proper agency fee, is less than that initially calculated by the Union, a supplemental advance rebate shall be paid to challengers to the extent required by applicable law.

The provisions of this procedure shall be considered legally separable. Should any provision or portion hereof be held contrary to law by a court or administrative of competent jurisdiction, the remaining provisions or portions hereof shall continue to be legally effective and binding. If the International President determines that modifications in this procedure are necessary to maintain its compliance with applicable law, the International President shall have authority to make such modifications, effective immediately, but subject to the approval of the International Executive Board at its next regular meeting.

NEW HIRES

Upon being notified of a new hire, the union will send a copy of this Notice to the new employee. The new employee will be allowed thirty (30) days from the date of receipt of the Notice to respond to the Notice. Objections to the union's expenditure of their fee on nonchargeable activities may be made by filing an objection in writing within 30 days of the receipt of the Notice in accordance with the above stated procedure. If fees are deducted prior to the expiration of the period for filing objections, the fee must be placed in escrow. The funds in escrow will be distributed after the expiration of the objection period with an advance rebate paid to objectors. Objecting employees will receive an appropriate advance rebate covering the period from their initial payment of the fee to the end of the certification year. These employees may file a challenge to the union's calculation of chargeable expenses contained in the Notice for the subsequent certification year during the next regular challenge period.