



Financial Hardship Assistance Program

To: General Membership, meeting on March 12, 2024
From: Minh Dan Vuong, Chair of the Policy Committee
Date: February 16, 2024

Recommendation

The General Membership is requested to approve revisions to the Policy for Financial Hardship Assistance, as enclosed.

Background

The current financial hardship assistance policy, which remains in effect, is described in policy 610 and can be viewed below. Current practice is that the General Membership votes on each financial assistance request. The current maximum amount is \$300+\$300 per member per year with these eligible events:

- a) A member facing unanticipated and unusual expenses related to stable housing, food, or healthcare, for themselves or for their immediate family/household member.
- b) Eligibility for catastrophic leave determined by the City of Portland
- c) The death of a member or their immediate family/household member
- d) Substantial loss of income by the member or their family/household member, such as from taking unpaid leave after exhausting paid leave or job loss.

AFSCME 189 officers and the Policy Committee have reviewed the policy for financial hardship assistance to members since summer 2023. Most recently, the Policy Committee met on November 16, 2023 and the Policy Committee Chair subsequently corresponded with Labor's Community Service Agency to improve the policy with their feedback.

Proposed policy changes

Key changes would be:

- Clarify eligible events, remove food insecurity as eligible event, describe examples of documentation, add domestic violence as eligible event, clarify that receiving unemployment insurance is not eligible, limit eligibility to members who have been in good standing for 1 year and deem separated employees as ineligible.
- Clarify expectations, for example that financial assistance from AFSCME 189 is not rapid, not guaranteed, and unlikely to meet **all** needs a member may have.
- Create a Member Assistance Committee comprised of some AFSCME 189 officers and rank-and-file members.

- The Committee would primarily be charged with administering the day-to-day process: receiving applications, verifying eligibility, and recommending or deciding the financial assistance amount.
- The Treasurer would continue to process payment.
- Further, the Committee would take a role in educating members and communicating the program to members.

Based on updated tax advice, the Treasurer and the Policy Committee Chair conclude that \$600 per member per year should remain the limit to manage AFSCME 189's tax compliance.

Policy changes originate from three different sources:

- (1) Recommendations by the Policy Committee from November 2023
- (2) Further changes offered by the Policy Committee Chair incorporating new information from LCSA and our tax adviser in December 2023
- (3) Direction by the Executive Board from January 23, 2024

Annual budget

On February 13, 2024, the AFSCME 189 General Membership adopted an annual budget for calendar year 2024. This budget provides \$18,000 for financial hardship assistance for 2024, based on a recommendation by the Policy Committee and a general intent of 5 percent of dues revenue per year.

610 Financial Hardship Assistance to Members

Proposed changes February 16, 2024

Policy

1. AFSCME 189 aspires to provide financial assistance to members who experience a financial hardship event. AFSCME 189 maintains a financial hardship assistance program.
2. The values guiding this program are: equity among all members in accessing this benefit, fairness, eligibility verification, solidarity, and compassion.
3. The program is intended to provide **some** financial assistance to eligible members, but it is not set up to cover the entirety of needs members may have. For example, the program will likely not cover an entire month's rent or mortgage payment, or an entire hospital bill. The program is **not** an emergency/rapid response assistance program; it will take several days or weeks to process financial hardship assistance.

Eligibility

The applicant must meet at least one of the membership eligibility criteria, and the hardship event must meet at least one of the event eligibility criteria.

Membership eligibility:

1. Current member in good standing for at least 1 year and current employee of the bargaining unit.
2. A member whose membership has lapsed due to ~~separation from employment~~ or stopping payment of Union dues in connection with medical leave is also eligible for 6 months from the separation/dues lapse date.
3. Bargaining unit employees who have dropped their AFSCME 189 membership are **not** eligible.
4. Membership eligibility will be verified by an AFSCME 189 officer before proceeding with the application.

Event eligibility:

- | | <u>Examples of documentation (if applicable and available)</u> |
|---|--|
| 1. A member facing Unanticipated and unusual expenses related to | |
| a) <u>Unstable housing or houselessness</u> | <u>Past-due statement, lease agreement, eviction notice</u> |
| b) <u>Loss of home or damage to home due to fire or disaster</u> | <u>Police or fire department report, insurance claim</u> |
| c) <u>Utilities shut-off has happened or will happen imminently (water, sewer, garbage, electricity, natural gas/heat, phone)</u> | <u>Utility bill showing past-due amount, shut-off notice</u> |
| d) food insecurity | |
| e) <u>Unanticipated or unusual expenses related to healthcare for themselves or for their immediate family/household member</u> | <u>Medical bill</u> |

- f) ~~for themselves or for their immediate family/household member~~
- | | |
|---|--|
| <ol style="list-style-type: none"> 2. <u>Survivor of recent domestic violence</u> 3. Eligibility for catastrophic leave determined by the employer <u>City of Portland</u> 4. The death of a member, or death of a member's immediate family/household member 5. Substantial loss of income by the member or their family/household member, such as from taking <u>involuntary unpaid leave after exhausting paid leave, or job loss, or involuntary reduction in hours, or layoff. Members receiving unemployment insurance benefits are not eligible. Strikes are not eligible under this policy.</u> | <p><u>Police report, court filings, safe leave approval by the employer</u></p> <p><u>Eligibility determination by the employer</u></p> <p><u>Death certificate, published obituary, funeral home correspondence, bereavement leave approval by employer</u></p> <p><u>Layoff paperwork, FMLA/OFLA paperwork</u></p> |
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Event eligibility must be supported by written documentation.

Ineligible events:

1. Financial assistance will not be provided or should be paid back to AFSCME 189 when the recipient's expense will be ~~fully~~ paid by another source, such as unemployment insurance, disability insurance, and liability insurance.
2. Lost income as a result of discipline
3. On-going inability to pay expenses with regular income or falling behind on expenses and bills, without a specific event or change
4. Wage garnishment, including for child support or taxes
5. Long-term unpaid child support with no remedy
6. Certain legal matters
7. AFSCME 189 no longer pays premiums to continue health coverage under COBRA for members who are unable to work due to a non-compensable illness or injury.

Amount

Financial assistance is ~~generally limited to \$300 and another \$300 at least one month later per event, and \$600 per calendar year, regardless of their number of hardship events.~~ AFSCME 189 understands that its financial assistance cannot fully cover all financial hardship needs that a member may face.

Financial assistance may be provided by (1) check payment to vendors – such as a leasing/mortgage company, a utility company, a medical provider, (2) direct payment to the member without conditions or restrictions, or (3) as a combination of these two.

Financial assistance to members is limited to \$600 per calendar year to ensure AFSCME 189's compliance with federal tax law (no inflation adjustment, also consider other payments unrelated to financial hardship to the same recipient), and these payments may be considered taxable income for the recipient.¹

¹ Advice from Gerald Hoots, CPA firm to Treasurer Chris Richard, Nov 22, 2023 and February 8, 2024: 501(c)5 organizations are not allowed to give out tax-free gifts; AFSCME would need to prepare and issue Form 1099 for

Financial assistance is subject to funding availability and not guaranteed. The actual amount of financial assistance for each member and each event will be determined based on a needs assessment, and may be below the maximum.

Referral to other assistance

AFSCME 189 may also refer the member to other service providers, such as Labor's Community Service Agency, Sunshine Division, and similar providers.

Application and Determination Procedure

1. Stewards should keep in touch with their members to learn of members experiencing financial hardship and recommend them for the Executive Board approve financial assistance. A member can make a request to any Executive Board member or the Member Assistance Committee for financial assistance. An Executive Board member or the Member Assistance Committee should pre-screen ~~vet~~ the request against this policy for eligibility, including gaining an understanding of the event and verifying membership eligibility. ~~The steward should confirm the correct name of the recipient and current mailing address and provide these to the Treasurer. The Treasurer should verify membership status.~~
2. ~~The Membership or Executive Board must approve financial assistance. The Executive Board member will refer applicants, after pre-screening, to Labor's Community Service Agency (LCSA) which is administering the financial hardship assistance program under contract for AFSCME 189. Applicants cannot refer themselves to LCSA.~~
3. ~~LCSA will:~~ The Member Assistance Committee will:
 - a. In-take the application and contact the applicant, usually by email/phone call within 2 business days
 - b. Request and review documentation to support event eligibility and assess needs, usually by email. A decision will not be made until the applicant has provided all necessary documentation and applicants are responsible for responding timely.
 - c. Counsel or refer the applicant to other relevant social services or community resources, such as eviction help, utility payment assistance, food banks
 - d. Make a decision regarding eligibility and a recommendation for the assistance amount. This decision is final.
 - e. ~~Provide the payment to the member, usually by mailed check within 7 to 14 business days, and an email confirmation to the member~~
4. The AFSCME 189 Executive Committee will review the recommendation for assistance amount and makes the final decision on assistance amount. This decision is final.
5. After approval, the Treasurer will issue payments to vendors or the member, usually within 7 to 14 business days, and an email confirmation to the member.
6. To protect privacy, the recipient's medical and family information should not be discussed in a Membership meeting or in public without the member's consent.

Program Management

payments over \$600; payments from AFSCME on behalf of a member [to utility/medical providers etc.] also fall under the 1099 reporting requirement.

The program shall be managed on an on-going basis by the Executive Board or the Member Assistance Committee. Program management includes: communicating this program to the membership, reviewing usage, identifying opportunities for improvement.

610 Financial Hardship Assistance to Members

Current policy (as of June 2023)

Policy

1. AFSCME 189 aspires to provide financial assistance to members who experience a financial hardship event. AFSCME 189 understands that its financial assistance cannot fully cover all financial hardship needs that a member may face.
2. Member eligibility: All members are eligible. Members whose membership has lapsed due to separation from employment, or stopping payment of Union dues in connection with medical leave are also eligible for 6 months from the lapse date. Bargaining unit employees who have dropped their AFSCME 189 membership are not eligible.
3. Amount: Financial assistance is generally limited to \$300 and another \$300 at least one month later per event, and \$600 per calendar year. Financial assistance is provided as a check payment without conditions or restrictions on the recipient.
4. In July 2024 and every July after that, the amount in this policy is authorized to increase with a generally recognized inflation index or the cost-of-living adjustment provided by AFSCME 189 labor agreement.

Year	Inflation factor	Amounts
July 2023 – June 2024	n/a	\$300/\$600
July 2024 – June 2025	TBD	TBD
...

5. Event eligibility: Financial hardship is defined as:
 - a) A member facing unanticipated and unusual expenses related to stable housing, food, or healthcare, for themselves or for their immediate family/household member.
 - b) Eligibility for catastrophic leave determined by the City of Portland
 - c) The death of a member or their immediate family/household member
 - d) Substantial loss of income by the member or their family/household member, such as from taking unpaid leave after exhausting paid leave or job loss.

Financial assistance will not be provided or should be paid back to AFSCME 189 when the recipient's expense will be fully paid by another source such as insurance.

6. Ineligible events:
 - a) Lost income as a result of discipline
 - b) On-going inability to pay expenses with regular income or falling behind on expenses and bills, without a specific event or change
 - c) Wage garnishment, including for child support
 - d) Long-term unpaid child support with no remedy
 - e) Certain legal matters
7. AFSCME 189 no longer pays premiums to continue health coverage under COBRA for members who are unable to work due to a non-compensable illness or injury.
8. Referral to other assistance: AFSCME 189 may also refer the member to other service providers, such as the Labor's Community Service Agency.

Procedure

7. Stewards should keep in touch with their members to learn of members experiencing financial hardship and recommend the Executive Board approve financial assistance. A member can make a request to an Executive Board member for financial assistance. An Executive Board

member should vet the request against this policy for eligibility, including gaining an understanding of the “event.” The steward should confirm the correct name of the recipient and current mailing address and provide these to the Treasurer. The Treasurer should verify membership status.

8. The Membership or Executive Board must approve financial assistance.
9. The Treasurer will process the financial assistance payment. It is generally treated as gift for federal tax purposes: the donor (AFSCME 189) is not subject to gift tax if the gift is less than \$16,000 per year, and the recipient is not subject to income tax on the gift.²
10. To protect privacy, the recipient’s medical and family information should not be discussed in a Membership meeting or in public without the member’s consent.

Adopted: June 13, 2023, partially replaces the prior Budget policy from Dec 4, 2008

² Advice from AFSCME 75 email to Rob Martineau/Minh Dan Vuong, May 22, 2023. Prior practice was to treat the financial assistance as non-employee compensation, which, if above \$600 per year, would have required AFSCME 189 to issue a 1099 tax form.

Policy Committee Meeting Minutes – Nov 16, 2023, 12:00 noon

<p>Agenda</p> <ol style="list-style-type: none">1. Action: President appoints committee members2. Information: Committee reviews draft policy and contract3. Discussion: Committee gives input on complex or big policy questions4. Action: If necessary, vote on policy questions Suggested motion A: I move that policy 123 includes JKLM and/or deletes OPQR. Suggested motion B: I move that policy 456 will be rewritten by the Policy Committee Chair to generally follow Option 7.5. Action: Committee makes recommendation to Membership. Suggested motion C: I move that (a) the Policy Committee approve the draft policy, in substantially similar form, and that (b) the Policy Committee recommend the General Membership adopt this policy, in substantially similar form, and (c) to authorize the Policy Committee Chair to make administrative, non-substantial changes to clean up the policy. <p>Future meetings</p> <p>It is anticipated that the Executive Board on November 28 at 6:30 pm or the General Membership on December 14, 2023 at 7:00 pm will further consider financial hardship assistance.</p>	<p>Committee convened at 12:05 pm by Zoom meeting.</p> <p>Participants</p> <p>JoAnn Gillmer Rob Martineau Chris Richard (joined late) Minh Dan Vuong, chair</p> <p>Discussion</p> <p>Members made various suggestions for improving the program:</p> <ul style="list-style-type: none">• LCSA to perform an assessment of financial need• Removal of food insecurity from eligible events because of availability other community resources and difficulty of documenting this• Strikes, unemployment insurance coverage not eligible• \$750 amount per member per year (an increase from current \$600)• LCSA recommendation of amount, Executive Committee approval, Treasurer check issuance, to address the limitation of LCSA only issuing checks to vendors and not to members• Obtain tax advice• Set budget as 5% of dues revenue, roughly \$15,000 or \$18,000 per year <p>Motion</p> <p>No formal action was taken, but the Committee by consensus supported the prepared changes plus the additional program suggestions for adoption by the General Membership.</p> <p>Adjourned at 12:55 pm.</p>
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Unofficial notes from Executive Board meeting – January 23, 2024

- Motion 1 that recipients must have been a member in good standing for 1 year, approved by majority vote.
- Motion 2 that assistance amount will be reduced to \$600 if the tax advisor advises that there is tax liability or tax reporting required if AFSCME 189 paid vendors on members' behalf, approved by majority vote.
- Motion 3 that, in cases of AFSCME 189 providing assistance to separated employees, it would be only allowed in case of layoffs and not in case of resignation, retirement, or termination, approved by majority vote, but made irrelevant by Motion 4.
- Motion 4 that AFSCME 189 give no assistance to separated employees, approved by majority vote.
- Other ideas that were noted, but not moved and not voted on: Keep food insecurity as eligible event, minimum employment tenure of 1-year or probationary period, distinguish layoff from medical layoff, creating a special program or one-time exception in cases of broad layoffs, allowing retirees a time window of eligibility