

# retiree wrapup

## Message from Ann Widger

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Director, AFSCME Retirees

As you may know from the letter sent to all DC 37 Retiree Association members, on Feb. 22, AFSCME President Lee Saunders placed the DC 37 Retirees Association under emergency administratorship. To carry out these responsibilities, he has appointed me to serve as the Association's administrator, and Terri Brady, AFSCME Retiree Field Coordinator, to serve as deputy administrator.

The decision to place an AFSCME affiliate under administratorship is never made lightly, and only when absolutely necessary to protect members' interests. In this case, the International Union recently became aware of the following serious matters:

- Officers were not following AFSCME's Financial Standards Code or Internal Revenue Service (IRS) requirements, which jeopardized the Retirees Association's funds and assets.
- The IRS revoked the DC 37 Retirees Association's tax-exempt status for failure to file its annual tax return for the past six years, also putting the Association's funds and assets at risk.
- Officers of the DC 37 Retirees Association had not conducted an outside audit of its finances since at least 2017.

The Association had undertaken no significant effort to correct these problems. As a result, the DC 37 Retirees Association is now at risk of owing hundreds of thousands of dollars in IRS penalties.

While the reasons for the administratorship are clear and serious, I realize some will continue to believe that the current debate around retiree health care for New York City retirees is to blame. Make no mistake: it is not. Differences over policy and strategy — even very heated ones — sometimes happen. However, they do not rise to the level of needing to place an affiliate under administratorship. As I said earlier, a decision like this is never taken lightly and is only reserved for very serious violations that threaten the Association's viability. The violations listed above and the current financial risk of the Association sadly meet this threshold.

My goal as administrator is to put the Retirees Association's affairs back in order so we can continue to grow the Association and organize effectively on the issues retirees care about, like making sure retirees have the best health and retirement benefits possible. Achieving this goal requires a financially healthy and well-run Association. Retiree members are a vital part of our union. You have a right to an organization that lives up to the highest standards of fiscal accountability, responsibility, and transparency.

I look forward to moving forward together.

## ADMINISTRATORSHIP Frequently Asked Questions

**WHAT IS ADMINISTRATORSHIP?** Administratorship is a process established under Article IX of the International Constitution whereby the International President is authorized to appoint representatives to assume responsibility for the day-to-day affairs of an affiliate when the affiliate is found to have violated the International Constitution. Under this provision, he may appoint administrators to carry out these responsibilities on his behalf.

**WHAT IS THE ROLE OF THE ADMINISTRATORS?** The administrator and deputy administrator are responsible for carrying out all day-to-day affairs of the Association. The administrators step into the shoes of the officers and are responsible for fulfilling the officers' responsibilities under the Association's constitution.

**DOES THE ASSOCIATION STILL HAVE OFFICERS?** When an administratorship is imposed, the constitutional officers and executive board members are removed from their positions and no longer have authority to act on behalf of the Association.

**WHAT HAPPENS TO THE ASSOCIATION'S ASSETS?** Under the International Constitution, the administrator must preserve the association's assets and act only in the interest of the Retiree Association's members. Its funds cannot be used by the International Union or by District Council 37.

**DOES THE ADMINISTRATORSHIP IMPACT MY RETIREMENT BENEFITS?** There is no change to your health care, pension benefits, or your Retirees Association membership. You can contact the DC 37 Health & Security Fund with any questions or concerns regarding these benefits at 212.815.1234 or 1.877.323.7738.

**WHY WAS THE ASSOCIATION'S IRS TAX EXEMPT STATUS REVOKED?** The Association's officers failed to file annual form 990s required by the IRS to keep non-profit status since 2017. The Association's status was revoked in 2021. This means the Association could be required to pay corporate income taxes and penalties on any income, including members' dues, for the years 2021, 2022, and 2023, totaling hundreds of thousands of dollars. We will be working with outside auditors to rectify the situation and hopefully avoid these taxes and penalties.

**WHY DIDN'T THE INTERNATIONAL UNION STEP IN EARLIER?** The International Union doesn't monitor the day-to-day affairs of affiliates to ensure they are doing the bare minimum to maintain their tax-exempt status. Affiliates are responsible for abiding by their constitution, the International Constitution, and the AFSCME Financial Standards Code, including IRS requirements. We acted shortly after discovering the Association's failure to do this.

**WHEN WILL THE ADMINISTRATORSHIP BE LIFTED?** The decision to terminate the administratorship rests solely with the International President and occurs after the concerns that led to the administratorship have been rectified.

**HOW DO I GET NEWS OF THE ADMINISTRATORSHIP?** Sign up to receive email alerts by visiting [www.dc37retireesassociation.org](http://www.dc37retireesassociation.org).

Up-to-date retiree info:  
[www.dc37retireesassociation.org](http://www.dc37retireesassociation.org)