



# "5 Golden Rules for Spending Union Funds"



**1. The *Law***

**2. The *Constitution***

**3. A *Motion* passed by the membership**

**4. The *Executive Board* or *Officers*, as permitted in  
the  
*Constitution* or by the membership**

**5. The *Budget*, as adopted by the membership**



## The 5 Golden Rules for Spending Union Funds Explained

**A**s officers, we are in charge of ensuring our union's financial viability. It is our duty to be fiscally responsible with our union's funds. It is not only the president and the treasurer who are responsible; the law states in Section 501 (a) of the Labor Management Reporting and Disclosure Act of 1959, as amended (LMRDA): *"The officers, agents, shop stewards, and other representatives of a labor organization occupy positions of trust in relation to such organization and its members as a group."*



We have all been elected or appointed to positions of trust. The membership trusts that we will run the organization with their best interest in mind and maintain the financial viability of the union.

The LMRDA further states, *"It is therefore the duty of each such person...to hold its money and property solely for the benefit of the organization and its members..."*

We need to remember that every penny we bring in and spend belongs to the membership. Therefore, we must always act with the interest of the membership in mind, not our own personal interests.

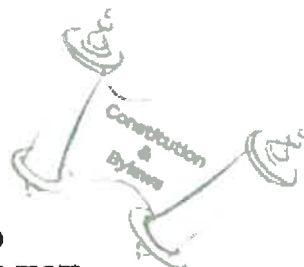
The law tells us specifically how we derive the authority to handle the union's money and property, *"...to manage, invest, and expend the [money and property] in accordance with its constitution and bylaws and any resolutions of the governing bodies adopted thereunder."* It is from this language that we derive our "Five Golden Rules for Spending Union Funds."

### 1. The Law

This is a given. We must pay taxes and have workers compensation insurance. No motion or approval is needed to write a check for such expenditures.

### 2. The Constitution and Bylaws

This is a union's governing document. It is a living document that was created by the membership and may be changed by the mem-



bership to suit today's needs. Expenditures such as salaries, sending delegates to a convention, and allowing officers the ability to spend money may be found in a constitution.

### 3. Motion passed by the membership

The membership is the highest ranking body of a union. The membership may pass a motion for expenditures, but they should be made aware of the financial status of the union so that they may make wise decisions and not put the union in financial peril.

### 4. The Executive Board or Officers, as permitted in the constitution or by the membership

The union's constitution may give the executive board or certain officers the authority to spend. These officers are to be held accountable for these expenditures and submit proper documentation, including receipts.

### 5. The Budget, as adopted by the membership

The budget is an essential document that each union should have. It helps the leadership plan for the coming year and allocate funds appropriately. The budget should be adopted by the local union at the end or beginning of a fiscal year. This will allow the president and treasurer to take care of necessary and regular occurring expenses without needing the membership to vote on such expenses each month. For example, isn't it easier to vote on paying for operating expenses such as utilities and rent just once a year as opposed to every month? Even expenses such as these need approval of some sort and the best way to go about it is to have the membership adopt a budget.



Since the president and the treasurer are the two (2) positions who hold the most responsibility when it comes to the union's finances and being the signatories on checks, it is important that they are knowledgeable about the above. All officers should have a good understanding of the above so that everyone is on one accord