2027 Budget Briefing Note

Purpose of this note

This note explains how the 2027–2028 budget was developed and the fiscal strategy behind it. It is meant to answer questions from members who could not attend the October 6 Membership Budget Meeting, so that everyone has the same information before the vote following the AGM.

Executive summary

Each year, members vote on the budget following the AGM. The budget also includes a forecast for the following year, which serves as a fallback: if members do not approve the next year's budget, CAPE operates on that forecast. This year's vote is on the 2027 budget, with a 2028 forecast.

The budget is prepared by the Director of Finance, working with each department to identify needs and costs. The draft is then reviewed by senior leadership, the Finance Committee, local leaders and the National Executive Committee (NEC) before it is presented to members at the Membership Budget Meeting (MBM). Under CAPE's Constitution, the MBM is the designated forum for budget debate, where members review the proposed budget and make recommendations to the NEC (section 31.3). This year's MBM took place on October 6.

The 2027 budget protects bargaining, representation, organizing and support for locals, and makes cuts elsewhere. Both of our largest bargaining units have chosen the conciliation track, and federal cuts are reaching our departments.

Here is the financial picture:

- Last year, CAPE members approved the 2026 budget but not the dues increase meant to fund it (in other words, we approved a budgeted deficit). Since then, the difference has come from our operating reserves.
- The 2026 deficit was budgeted at $5.6 million and is now tracking about $1.7 million better, at $3.86 million. About two thirds of that improvement comes from investment returns and recovered retroactive dues. The rest comes from spending less than planned this year.
- The 2027 budget spends $19.42 million and projects a $3.9 million deficit, which would bring the operating fund from $11.5 million to about $7.6 million.
- At that pace, reserves cover roughly two to three more years. That is not sustainable over the long term.

Spending has already come down. The 2027 budget is $1.15 million lower than the 2026 budget, on top of in-year savings that improved this year's deficit by about $1.7 million. The budget development process has confirmed that any further cuts would cause critical impacts to operations and to the staffing of core operational areas, particularly bargaining and representation.

The longer-term question of how to close the gap, through cuts, new revenue or both, is one we will decide together as members through this year's AGM process.

The levy proposals

The Membership Budget Meeting (MBM) is a meeting guaranteed by CAPE's constitution every budget cycle in which all CAPE members in good standing can review the budget proposed by the Finance Committee and National Executive Committee and put forward recommendations related to that budget. Recommendations that pass at the MBM (with a majority of members present voting in favour) go forward to the NEC for consideration.

Members at the October 6 MBM voted strongly in favour that the NEC consider ways to increase investment in the Defence Fund, and consider options to reduce the budget deficit in the year's proposed budget, including potential levies.

The TR and EC Collective Bargaining Committees also passed recommendations for the NEC to consider:

1. A special levy to strengthen the Defence Fund and our bargaining position (TR and EC).
2. A special levy to reduce the deficit and avoid cuts that would weaken our bargaining position (TR).

The EC Collective Bargaining Committee had not finalized its discussion of the second levy before resolutions were submitted to the NEC.

The Finance Committee reviewed the recommendations from the MBM and the TR Collective Bargaining Committee, concurred with them, and recommended two special levies to the NEC for the 2027 calendar year:

- **Levy 1:** $5.00 per pay period, adding an estimated $3 million to the Defence Fund to strengthen our position in this round of bargaining.
- **Levy 2:** $6.25 per pay period, reducing the 2027 deficit by an estimated $3.9 million.

On October 30, the NEC passed a motion to put both levies to members in a vote following the November 15 AGM. The NEC amended the term of each levy, as recommended by the Finance Committee, from the 2027 calendar year to 12 months of collection. As much as possible, and at every step, decisions about our fiscal strategy should be made by members. These levies are that choice, and members will vote on each one separately.

The deficit, and why it exists

Our deficit comes from two things. Last year, the general membership approved the 2026 - 2027 spending plan but not the dues increase meant to fund it. And heading into a bargaining round in which our two largest bargaining units have voted for the first time to pursue a conciliation track, we have chosen not to cut the representation and bargaining capacity those two groups depend on. The gap is covered from the operating fund.

	Amount
2026 deficit, as budgeted	$5.6M
2026 deficit, current projection	$3.86M
Operating fund today	$11.5M

	Amount
2027 projected deficit	$3.9M
Operating fund after 2027	about $7.6M

The 2026 deficit is tracking about $1.7 million better than budgeted. In-year savings account for part of that, along with roughly $883,000 in investment returns and $330,000 in recovered retroactive dues.

The 2027 deficit reflects a decision by CAPE's Finance Committee to fully fund a bargaining year. Bargaining-related costs peak in 2027 and are planned to come down in 2028 (see the two-year plan below). At the 2027 level of spending, the operating fund gives us roughly two to three years of runway. That is not a permanent way to run our union, and the gap still needs a solution we will decide on together.

The Defence Fund is kept separate for job action and legal defence and currently holds $8.1 million. The 2027 deficit is covered from the operating fund, and this budget does not draw on the Defence Fund. In a conciliation year, we are protecting it. The NEC has committed to developing a strike pay policy now that CAPE members have made the historic choice to pursue a conciliation track in bargaining.

Where the money goes: investing in ourselves

Total spending for 2027 is $19.42 million. Two thirds of it, $12.83 million, pays for the staff who do this work alongside us: the labour relations officers who represent us, the negotiators at our tables, and the organizers increasing member engagement in our locals and departments to record highs. With bargaining and workforce adjustment both ramping up, we cannot do this work without them.

Where the $19.42 million goes

Category	2027	Share
Staff (salaries, pension, benefits)	$12.83M	66%
Member priorities	$2.8M	14%
Premises and operations	$1.14M	6%
Everything else (IT, governance, professional fees, communications, travel, and other operating costs)	$2.65M	14%
Total	**$19.42M**	**100%**

Member priorities: $2.8 million

Program	2027	Share
Collective bargaining	$1.0M	36%
Legal	$600,000	21%
Organizing	$550,000	20%
Support for locals	$450,000	16%

Program	2027	Share
Member and steward education	$200,000	7%
Total	**$2.8M**	**100%**

Local executive leave. After the September 9 Local Leaders Council, the Finance Committee moved $250,000 that the draft budget had set aside for organizing leave into a new, dedicated line for local executive leave. Local executives have asked for this for a long time. Based on the average cost of a day of leave, it covers about two days for each registered local executive and steward, for work like outreach, local planning and workplace mobilization. Increasing demands for local executive leave make a dedicated budget line for this prudent.

Member and steward education now relies more on virtual delivery, which costs less while reaching more people. It also funds the Empowered Steward pilot, which gives stewards in five locals advanced training so they can back up their co-workers and handle grievances at the first step.

Where costs came down

The 2027 budget is $1.15 million lower than the 2026 budget, on top of in-year savings that improved the 2026 deficit by about $1.7 million.

Line	Reduction from 2026	How
Salaries and benefits	$545,000	Holding service levels with minimal cost increases. Includes about $55,000 a year from tying the National President's salary to the top EC classification and step, as members voted in 2024.
Professional fees	$150,000	External consulting cut from $250,000 to $100,000 as capacity was built in-house.
Staff training and development	$125,000	Staff training limited to virtual or NCR-based options.
Member education	$110,000	More virtual delivery, with room kept for the Empowered Steward pilot.
Rent and operating	$72,000	Ongoing review of office lease options.
Travel	$50,000	Reduced to $10,000 for the year.

These are six of the largest reductions. Smaller cuts across other lines make up the rest of the $1.15 million.

Savings already made in 2026 include capping catering at NJC rates (about $30,000), cancelling unneeded subscriptions, bringing some technical support in-house, moving regional councils and most education events online, and sending fewer delegates to the CLC convention.

CAPE is also actively pursuing potential cost-savings on our rent and operating costs by finding an appropriate subletter for CAPE's office. This process has been underway for over a year, and CAPE is currently in discussions that could see these costs drop dramatically. Until a legal agreement is finalized, however, we cannot reliably forecast those savings in a budget.

Why this is the year to invest

Bargaining is the main reason we chose not to cut deeper. A strong contract is worth investing in. Even as the overall budget comes down, collective bargaining is our largest expense after staff and premises, at $1.0 million, because the EC and TR tables members have chosen conciliation and other federal unions are facing wage offers well below inflation. While we cut elsewhere, organizing stays close to this year's level at $550,000, then comes down in 2028 once the most intensive part of this round ends.

This round, we are also using open bargaining for the first time: members observe sessions, article committees open to all members shape key proposals, and the two open bargaining tables coordinate. That involves costs for member leave, logistics, communications, and organizing. An organized, engaged membership strengthens the bargaining team's position, and it means members can make informed strategic decisions together as bargaining progresses.

Federal cuts are a second pressure. Budget 2025 set a target of roughly 40,000 fewer federal public service positions by 2028-29.[1] Members facing workforce adjustment rely on representation from our labour relations officers and legal support, which this budget maintains, while expanding capacity in representation through CAPE's new empowered stewards model.

We are also working to build public support for the work federal public servants do, through our Stop the Cuts campaign, carried out largely by staff and local leaders as part of their existing work.

Most people never see the policy, research and analysis we do, but they rely on what it produces: safe food and drugs, clean water, fair immigration decisions, accurate data, and a federal government that can serve people and work in both official languages.

Before the last federal budget, hundreds of organizations that rely on Women and Gender Equality Canada came together to oppose its planned cuts, and those cuts did not go ahead. We are working to build similar connections.

Locals have started working with health coalitions on cuts at Health Canada and PHAC, and with the climate movement on cuts at ECCC. In consultation with the new Indigenous Circle, we are also supporting work on reconciliation after seeing systematic cuts to Indigenous relations work across multiple departments.

The two-year plan

The 2028 figures are a forecast rather than a final budget. Members will vote on the 2028 budget next year, and these figures would serve as the fallback if that budget is not approved. They assume bargaining and organizing costs come down once the most intensive part of this round ends, while legal and local support stay level because grievances and local needs do not follow the bargaining cycle. If bargaining runs into 2028, those numbers will be revisited in next year's budget process.

[1] At the time of writing, it is not yet known whether the upcoming federal budget will change this target.

Program	2027	2028 (forecast)
Collective bargaining	$1.0M	$700,000
Legal	$600,000	$600,000
Organizing	$550,000	$370,000
Support for locals	$450,000	$450,000
Member and steward education	$200,000	$178,000

Recommendations from the Membership Budget Meeting

Members at the October 6 meeting adopted four recommendations to the NEC. Recommendations that carry at the MBM then go to the Finance Committee for review, and then to the NEC for a decision. The two recommendations about the Defence Fund and deficit reduction are covered in the summary above. All four are listed here with the Finance Committee's response.

1. **Defence Fund:** Be it resolved that the NEC review the budget and consider mechanisms to increase investment in the Defence Fund at the 2026 AGM.

   Finance Committee: Concurred, and recommended to the NEC Levy 1 (see above).

2. **Software and privacy:** Be it resolved that the NEC consider reducing subscriptions with American companies in favour of companies headquartered in countries with strong privacy protections, and use open-source software wherever possible.

   Finance Committee: Recommended that the NEC look more deeply into subscriptions and impacts since this falls outside the Finance Committee's purview.

3. **Staffing:** Be it resolved that CAPE National prioritize the hiring of EC employees, and discourage the use of external consultants or non-EC organizers where appropriate.

   Finance Committee: Recommended that the NEC examine the impact of preferential hiring at CAPE, considering all relevant policies and statutes, and that any future preferential hiring policy include all CAPE members, not only ECs.

4. **Deficit:** Be it resolved that the NEC consider options to reduce the budget deficit, including potential levies.

   Finance Committee: Concurred, and recommended to the NEC Levy 2 (see above).

What happens next

The 2027 budget makes reductions wherever possible and protects the bargaining capacity needed to make gains in this round of bargaining. Members will vote on it following the AGM on November 15, 2026. The budget will be voted on separately from the levy resolutions.

Before you vote:

- Read the full budget
- See the NEC budget presentation slides