

HOW MSEA CALCULATES ITS REPRESENTATION FEE
CHARGEABLE AND NONCHARGEABLE EXPENSES

MSEA's Fiscal 2016 Financial Statement (last audited statement) was divided into four expense categories and the Crisis Fund Trust. The expense categories include core operational services, strong locals, leading the profession, and culture of organizing.

Based upon relevant Federal and State judicial and administrative decisions, it was determined that expenses chargeable to representation fee payers were activities, training, communications, research, administrative efforts, certain legal services, and the like, related to issues such as the following:

1. collective bargaining;
2. contract administration;
3. grievance processing and arbitrations;
4. specific terms and conditions of employment that may be negotiable, such as wages, hours, benefits, employment discrimination, pension/retirement reform, tenure, teacher evaluation, environmental issues which affect working conditions in the schools, etc.;
5. maintenance of existing membership and recognition rights;
6. professional development, including teacher education, continuing education, and certification, except as pertains to lobbying state legislatures or administrative agencies;
7. curriculum development and implementation, teaching methods and other instructional skills, site-based decision making and education generally;
8. publication, portions of publication or any communication which involves chargeable issues;
9. Association leadership and management skills and techniques;
10. programs and other benefits for which members and fee payers are eligible;
11. MSEA Representative Assembly and Board of Directors; and
12. unemployment and job opportunities in education.

It was further determined that nonchargeable expenses were activities, training, communications, research, political or administrative or legislative efforts, legal services, and the like, related to issues such as the following:

1. lobbying, electoral and political efforts before the legislature, administrative agencies and other government officials (other than directly related to contract funding);
2. voter registration, get-out-the vote, and campaign techniques (i.e., training programs designed to prepare leaders, staff and/or members to work in support of candidates for any public office);

3. supporting or contributing to charitable, religious or ideological causes (e.g., direct contributions to such causes, payments to fund-raisers, and/or conferences for groups which promote such causes);
4. supporting political organizations or candidates for public office (e.g., activities in connection with the endorsement or other support of political candidates, activities in connection with MSEA's Fund for Children and Public Education, including its administration, consulting with/or providing training for State/local political action committees);
5. publications, portions of publications or any other communications which involve nonchargeable issues, such as those unrelated to collective bargaining, contract administration, grievance processing or, in general, the working conditions of members;
6. enacting, defeating, repealing or amending legislation, regulations, orders, etc., related to nonchargeable issues, including all ideological issues to the extent they do not affect the terms and conditions of members' employment or association leadership/management;
7. members only benefits which include, but shall not be limited to: educators Employment Liability Insurance, Dues Tab, and the Attorney Referral Program;
8. external public relations campaigns, except with regard to contract funding;
9. litigation, unless specifically related to collective bargaining, contract administration, or organizational maintenance; and
10. organizing or recruiting new members.

Once all categories were analyzed for chargeable and nonchargeable expenditures, such expenditures were totaled and the percentage of each determined. These totals provided the final chargeable and nonchargeable percentages for the 2015-16 fiscal year.

The totals so computed indicate that 63.94% of MSEA's audited expenditures went for chargeable activities and 36.06% went for nonchargeable activities in the 2015-16 fiscal year. Because there is relatively little variation in MSEA's 2015-16 audited expenditures and completed activities and its 2017-18 budgeted expenditures and planned activities, MSEA has determined to apply those same percentages to the 2017-18 fiscal year. This procedure is necessary because the approved final audited expenditures for the most recently completed fiscal year, the 2016-17 fiscal year, are not yet available.