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Maryland

NATIONAL EDUCATION ASSOCIATION CHARGEABLE AND NONCHARGEABLE AUDITED EXPENDITURES FOR THE 2015-2016 FISCAL YEAR

*CHARGEABLE & NONCHARGEABLE AUDITED EXPENDITURES
BY CORE FUNCTION AREA AND STRATEGIC GOAL CATEGORY*

I. PROGRAMMATIC ACTIVITIES

The National Education Association's (NEA) programmatic activities are organized into eighteen Strategic Goal and Core Function Categories.

STRONG AFFILIATES FOR GREAT PUBLIC SCHOOLS

Category 1 – Partner with affiliates to build capacity and promote strategies designed to enhance public education and support member rights by providing financial support, technical assistance, field support, member engagement support, research support, communications support, and facilitating the sharing of best practices throughout the Association: Conceived and implemented an enterprise data system (EDS) that will integrate multiple data sources to achieve the strategic goals of the Association including the management of transactions with members accurately and securely via a customer relations management system (CRM). Enhanced the financial and economic knowledge and skills of NEA and affiliate staff, management, and leaders through regional and/or affinity group training. Analyzed existing employee benefit plan data from state affiliates and provided recommended changes to improve the effectiveness, efficiency and sustainability of employee contracts. Planned, supported, and executed campaigns with metrics and mobilization strategies. Recruited, engaged and prepared members to take political, legislative, and legal action, moving them along a continuum of activism that lives beyond any single campaign, and engaged and partnered with ESP, retired, student, higher education and K-12 members on issues and values that resonate in their lives and profession. Developed an audience of activists and spokespeople in the fight for public education by developing powerful narratives on issues of shared Association priorities from the perspective of students, educators, parents and education stakeholders that inspire meaningful actions. Partnered with affiliates to use research and data to refine and

identify best practices for managing member interactions at all levels of the organization. Provided research, training, materials, and consultation on conducting both defensive and proactive local and state-level anti-privatization campaigns, supported innovative pilot programs, and disseminated best practices.

Chargeable audited expenditures.....	\$9,836
Nonchargeable audited expenditures.....	\$46,464,991
Total audited expenditures.....	\$46,474,827

UNITING THE NATION FOR GREAT PUBLIC SCHOOLS

Category 1 – Partner with affiliates to empower educators to collaborate with school and community stakeholders to co-create solutions designed to shape the future of education, improve student learning, enhance professional practice and the quality of professionals: Identified and advanced solutions that work to meet the needs of the whole child. Provided technical assistance to affiliates on career ladder/professional growth salary initiative and bargaining issues related to Common Core implementation. Engaged members in the community around the roles of Education Support Professionals (ESP’s) in School Safety, Health, and Wellness. Promoted the implementation of best practices that enhance education support professionals’ effectiveness in meeting the needs of the whole child. Empowered educators to become effective instructional, policy, and Associational leaders. Enhanced, promoted, expanded, and evaluated the Great Public Schools Network of members, affiliates, and partners to work towards improving public education. Leveraged resources to provide, arrange, and broker appropriate professional development opportunities for educators in priority schools, including training dealing with the issues of cultural competence and economic disparities. Developed and provided specialized training to enhance ESP effectiveness in furthering school support and wrap-around services. Prepared and supported leaders serving priority schools (or other schools identified with greatest need) with tools and strategies necessary for successful implementation of the Common Core State Standards. Provided financial assistance to affiliates through grants to fund programs or projects to improve teaching and learning conditions. Developed internal and external partnerships to improve the quality of education for all students. Engaged in partnerships with external organizations and foundations to advance educator quality. Built partnerships and coalitions to elevate and transform the profession by developing initiatives with educational stakeholder groups. Explored and expanded new partnerships to build and support educator leadership such as National Network of State Teachers of the Year and the Teacher Union Reform Network. Supported, monitored, and documented Great Public Schools (GPS) Fund Grants related to Teacher Quality. Provided assistance to affiliates pursuing GPS fund grants. Developed resources and materials, including webinars, policy documents, and an NEA Profession-Builders Symposium Series on an array of teacher quality issues. Evaluated the effectiveness of programs within the Center for Great Public Schools. Linked local affiliates into a network for sharing strategies and early wins. Used the GPS Network as a platform to share best practices and success stories. Created mechanisms to enhance collaboration between headquarters and field staff. Increased awareness among members, leadership, and affiliates of research developments and the products and services offered by the Research Department through the GPS Network.

Chargeable audited expenditures.....	\$14,122,411
Nonchargeable audited expenditures.....	\$2,630,541
Total audited expenditures.....	\$16,752,952

RESEARCH, POLICY, AND PRACTICE

Category 1 – Research that supports Association efforts to advocate for enhanced student learning and workforce quality through good policies and practices: Analyzed federal legislation and regulations to advance federal public education policy. Developed and circulated information that highlights the contributions of ESP work resulting in positive educational outcomes and that informed ESP members around pro-public education initiatives.

Chargeable audited expenditures.....	\$95,335
Nonchargeable audited expenditures.....	\$1,487,865
Total audited expenditures.....	\$1,583,200

Category 2 – Provide resources, technical assistance, and training to affiliates to support their initiatives designed to achieve improvements in teaching and learning: Developed and disseminated resources, materials, and information to support integrated issue campaigns related to teaching and learning issues. Coordinated the activities of the Early Childhood Education Leadership Cohort (ECELCO) to provide early language, mathematics, and science literacy, and early childhood policy trainings to state affiliates. Supported affiliates’ efforts to develop authentic accountability and assessment systems using multiple measures of student learning and school progress. Provided training and professional development to increase effectiveness of ESP leaders and members.

Chargeable audited expenditures.....	\$1,073,587
Nonchargeable audited expenditures.....	\$482,559
Total audited expenditures.....	\$1,556,146

Category 3 – Partner with external organizations to support workforce quality and advance NEA’s criteria for great public schools and workforce quality: Coordinated symposia to engage stakeholders in public policies important to public education. Participated in coalitions and meetings with stakeholders that promote public policies in alignment with NEA policies. Built and maintained partnerships and relationships with educational, social, and community organizations that will meaningfully and measurably advance NEA's Great Public Schools criteria and local, state, and federal policy agenda.

Chargeable audited expenditures.....	\$1,023,690
Nonchargeable audited expenditures.....	\$132,530
Total audited expenditures.....	\$1,156,220

Category 4 – Provide support, research, and information to staff, members and affiliates to support efforts to improve teaching and learning: Provided technical assistance, policy analysis, materials, and information to state affiliates. Researched, drafted, and published policy briefs and other documents, as well as hosted webcasts and meetings and

participated in NEA and affiliate meetings to gather and share information. Tracked and reviewed external research, responded to requests for information, and provided research advice and expertise to NEA, affiliate leaders, and staff. Conducted original research on topics of need and interest. Collected, compiled, and distributed data on members, education, finance and other topics. Maintained the Research Data Mine. Produced the annual Rankings and Estimates report and the ESP Data Book. Calculated the average annual teacher and ESP salaries. Maintained higher education data resources. Responded to content-related requests from other NEA departments and state and local affiliates.

Chargeable audited expenditures.....	\$2,322,260
Nonchargeable audited expenditures.....	\$1,649,970
Total audited expenditures.....	\$3,972,230

ORGANIZING

Category 1 – Partner with state affiliates to engage members as a collective by supporting affiliates to activate our vast network in pursuit of the Association’s vision and provide leadership development: Shared successful strategies through multiple vehicles including webinars, regular reporting, documentary video, and training of staff and leaders. Strengthened existing and forged new partnerships with national, state, and local organizations that develop support for teaching and learning initiatives at the local level. Designed and implemented a strategic and research based campaign to engage young members around issues meaningful to them, such as closing the achievement gap, college affordability, and income equality. Developed the next generation of Association leaders by testing, assessing, and disseminating new engagement strategies. Designed and delivered organizing training for state affiliate staff through the UniServ Academy and staff training cadres based on the UniServ Core Competencies. Provided technical and conceptual training in data systems and analytics to NEA and affiliate staff and leaders. Provided training and support for adoption and implementation of financial and operational standards at the state and local level. Strengthened NEA/state affiliate partnerships through ongoing two-way communications and coordination of NEA resources designed to meet state needs. Developed an enterprise wide system to provide functionality to the Association while providing a single point of contact for affiliates seeking membership, engagement, and/or organizing opportunities. Administered policies and guidelines and disbursed the funds for the Small States Foundation Program, UniServ Program, Local President Time Release Program, Unified State Executive Director Program (USEDP), and the Affiliate Financial Assistance Program.

Chargeable audited expenditures.....	\$56,562,187*
Nonchargeable audited expenditures.....	\$44,714,926
Total audited expenditures.....	\$101,277,113

ADVOCACY AND OUTREACH

Category 1 – Supports the Association’s efforts to achieve great public schools through federal and state legislation: Prevented anti-working family legislation from passing at the federal level, including threats to retirement security, collective bargaining, and secure funding for public K-12 and higher education. Advanced and passed pro-public education

legislation at the federal level that maintains a federal focus on marginalized groups of students (i.e. high poverty, special education, ELL) and promotes student centered social and economic justice causes. Engaged other organizations to support pro-public education, social, and economic justice legislation.

Chargeable audited expenditures.....	\$-0-
Nonchargeable audited expenditures.....	\$3,123,481
Total audited expenditures.....	\$3,123,481

Category 2 – Enhance collective bargaining by providing support and technical assistance in the areas of collective bargaining, health care, retirement security, and compensation: Maintained and updated tools used to track collective bargaining developments and assist affiliates in achieving bargaining goals. Provided technical assistance and training on bargaining and advocacy approaches to selected issues, including contract issues. Provided technical support and training to affiliates and NEA departments on health care benefits and health care laws and worked to implement federal health care reform in accordance with NEA policy. Developed and provided proactive approaches to protecting and defending public pensions and public educator retirement security through technical assistance and training. Monitored and reported on retirement plans. Provided technical assistance and training to affiliates on compensation practices, including salary/living wage campaigns, alternative compensation arrangements, and NEA compensation applications. Tracked and maintained information on alternative compensation programs and the teacher salary database. Administered the Unified Legal Services Program (ULSP), the NEA funded legal cases programs, and the Educators’ Employment Liability (EEL) program. Promoted and supported external partnerships that advance NEA’s policies on collective bargaining, compensation, health care and retirement security in order to achieve great public schools for every student. Conducted the NEA Joint Conference on Concerns of Minorities and Women and the Ethnic Leaders Meeting with a continued increased focus on developing leaders in and out of the Association. Developed strategic content partnerships with LGBTQ, anti-bullying, dropout prevention, women’s, minority, and social justice organizations to position NEA as a leader in human and civil rights and economic justice. Supported affiliates in identifying and engaging partners within the minority/ethnic community that are immersed in work involving parental engagement and community organizing to move a student-centered agenda.

Chargeable audited expenditures.....	\$11,331,015+
Nonchargeable audited expenditures.....	\$27,939,740
Total audited expenditures.....	\$39,270,755

Category 3 – Partnerships with parents, families, ethnic minority communities, and other stakeholders who are essential to quality public education: Developed and executed a strategic, measureable, and robust system of communication and outreach to outside organizations, entities, and individuals about the work of the NEA and its affiliates’ to improve public education, fight for economic and social justice, and fulfill the NEA mission, vision, and core values. Identified and entered into partner agreements with entities that will assist in achieving NEA’s strategic goals and provide technical assistance to affiliates to engage minority communities. Identified new and potentially impactful organizations and entities, as well as identified trends in outside organizations’ advocacy, organizing, civic

engagement, communications, or research strategies that may impact NEA's work. Developed and implemented detailed processes and procedures for making, monitoring, and evaluating annual financial and in-kind contributions to partner organizations to ensure sufficient and impactful returns on investment, monitored progress towards NEA's strategic goals, and overall outreach outcomes assessed.

Chargeable audited expenditures.....	\$-0-
Nonchargeable audited expenditures.....	\$8,427,991
Total audited expenditures.....	\$8,427,991

Category 4 – Leadership and advocacy training to promote strategies to enhance educator practice and to empower educators to become effective leaders in improving student outcomes in marginalized and underserved populations: Conducted the Minority Leadership Training Program and Women’s Leadership Training Program. Provided diversity, social justice, LGBTQ, bullying, sexual harassment, cultural competency, and ELL training to assist Association, leaders, and members. Coordinated the engagement of Human and Civil Rights State Coordinators to support greater connection to the human and civil rights and social economic justice work occurring at the national, state, and local level.

Chargeable audited expenditures.....	\$957,832
Nonchargeable audited expenditures.....	\$1,483,870
Total audited expenditures.....	\$2,441,702

Category 5 – Member engagement and outreach to advance equity for students in need and strengthen public schools: Created and maintained a database to facilitate the implementation of an engagement program with the goal of identifying, educating, and mobilizing member activists and organizers. Raised awareness and passed legislation to support student-centered solutions that work to meet the needs of the whole child, and the improvement of professional practice in education to ensure student success. Enhanced the capacity and strength of NEA’s federal advocacy by increasing the frequency of activism of NEA membership on behalf of pro-public education and student centered social and economic justice legislation.

Chargeable audited expenditures.....	\$-0-
Nonchargeable audited expenditures.....	\$413,772
Total audited expenditures.....	\$413,772

Category 6 – Provide technical assistance and support to NEA leaders to advance NEA’s mission, vision, and values: Provided resources, counsel, and expertise in response to standing committees and governance requests.

Chargeable audited expenditures.....	\$314,281
Nonchargeable audited expenditures.....	\$788,816
Total audited expenditures.....	\$1,103,097

COMMUNICATION

Category 1 – Design, produce and distribute communications strategies that engage NEA members and the public to support the Association’s political and legislative goals and NEA advocacy campaigns: Engaged members and the public to support advocacy of NEA supported issues, political and legislative goals that benefit our members and their students, and that strengthen public schools through federal policies. Supported NEA’s advocacy campaigns on human rights, social and economic justice issues that reflect NEA’s commitment to equal opportunity and great public schools for every student.

Chargeable audited expenditures.....	\$-0-
Nonchargeable audited expenditures.....	\$318,543
Total audited expenditures.....	\$318,543

Category 2 – Design and execute strategic communication campaigns that advance Association messaging and that strengthens the NEA brand via components developed through the use of up-to-date research, planning and evaluation data: Deployed multiple technology tools across various platforms in Raise Your Hand (RYH) campaigns. Supported NEA’s leadership and advocacy campaigns for lighthouses and other RYH initiatives and programs that strengthen public schools, leverage and drive student success, and advocated for policies that equip members to excel and best serve students.

Chargeable audited expenditures.....	\$-0-
Nonchargeable audited expenditures.....	\$14,319
Total audited expenditures.....	\$14,319

Category 3 – Design and execute strategic communication campaigns, special projects, and events that strengthen the NEA brand and reputation and engage members in positive, proactive communication: Provided rapid response communications support to affiliates during moments of crisis. Maintained the national media and digital presence for Read Across America (RAA) and assisted states and locals in creating and leveraging their RAA events to further the Association’s student-centered, Association-led goals and organizing efforts. Planned and implemented special projects/events related to NEA Association wide efforts around back to school. Implemented a coordinated, strategic approach to the Association’s communication efforts with state and local affiliate communicators resulting in an Association-wide communications plan. Built communication capacity of local Association leaders and staff through training, development, and leadership opportunities.

Chargeable audited expenditures.....	\$-0-
Nonchargeable audited expenditures.....	\$5,080,529
Total audited expenditures.....	\$5,080,529

Category 4 – Provide communications support for organizing campaigns: Provided communication capabilities assessment, strategic planning, personnel training, product production, campaign execution support, and campaign performance analysis support for NEA and affiliate organizing campaigns. Planned, developed, produced, deployed, and analyzed multimedia and online communication products and services to support NEA and affiliate organizing campaigns.

Chargeable audited expenditures.....	\$-0-
Nonchargeable audited expenditures.....	\$682,469
Total audited expenditures.....	\$682,469

Category 5 – Develop and execute media strategies in support of the Association’s efforts targeting national, state and regional media: Developed, conceived and executed comprehensive media across all platforms: traditional media, print, TV, radio, and other forms of media. Tracked metrics and qualitative analytics on NEA media coverage, communications campaigns, advertising, and engagement in order to better develop and execute media strategies. Conducted quantitative and qualitative research to shape and inform messaging and communication plans. Designed and implemented strategies to influence key target audiences, including parents, opinion leaders, and public attitudes such as regarding the appreciation of NEA leadership in student success and accomplished education professionals. Developed written tools, such as message guidance, training materials, and webinars, with partners, affiliates, and/or surrogates. Developed and disseminated creative and strategic guidelines, templates, stock photography of NEA members, motion graphics, info-graphics and other related materials on NEAs revised branding standards and overall brand management strategies to assure a consistent identity with affiliates, members, partners and the public. Performed data collection and analysis services to measure NEA’s effectiveness to engage, inform, and mobilize online audiences to action in support of issues strategically important to optimizing professional development and empowerment. Performed needs assessment, conceptual planning, design, production, and maintenance services for NEA website, mobile application, internet technology, and emerging digital engagement products and platforms that facilitate a non-stop effort to engage, inform, support, mobilize, and activate NEA members and public audiences. Informed NEA’s affiliates, leaders, and members about NEA policies, programs, and accomplishments through an internal network of printed publications, including NEA TODAY and specialized constituency periodicals. Executed strategic communication programs at NEA’s Representative Assembly.

Chargeable audited expenditures.....	\$859,568
Nonchargeable audited expenditures.....	\$22,357,613
Total audited expenditures.....	\$23,217,181

PROGRAMMATIC ACTIVITY SUMMARY

Total Programmatic Activity Chargeable Audited Expenditures.....	\$88,672,002
Total Programmatic Activity Nonchargeable Audited Expenditures	\$168,194,525
Total Programmatic Activity Expenditures.....	\$256,866,527
Programmatic Activity Chargeable Percentage.....	34.52%
Programmatic Activity Nonchargeable Percentage.....	65.48%

II. SUPPORT/OVERHEAD

NEA'S Support and Overhead Activities are organized in 12 Core Function Categories.‡

STRONG AFFILIATES FOR GREAT PUBLIC SCHOOLS

Category 1 (Tactics 1.1-1.2): Partnered with affiliates to integrate, collect, and manage data to identify threats and opportunities and to connect and activate our members. Improved capacity to provide analysis, monitoring, and reporting on the indicators required to determine the current and future viability of an affiliate. Planned and supported campaigns with metrics and mobilization strategies that meet association goals, and test and strengthen association capacity and membership engagement beyond a single campaign effort. Implemented strategies for managing the Association's member interactions at all levels of the organization, partnered with affiliates to use research and data to refine and identify best practices for managing member interactions, and monitored and assessed quality of member engagement efforts.

Chargeable audited expenditures.....	\$380,839
Nonchargeable audited expenditures.....	\$1,683,859
Total audited expenditures.....	\$2,064,698

COMMUNICATIONS

Category 5 (Tactics 5.1, 5.3, 5.5-5.6): Planned, developed, produced and deployed digital engagement strategies and products. Developed and disseminated creative and strategic guidelines, templates, stock photography of NEA members, motion graphics, infographics and other related materials on NEAs revised branding standards and overall brand management strategies to assure a consistent identity with affiliates, members, partners and the public.

Chargeable audited expenditures.....	\$1,062,066
Nonchargeable audited expenditures.....	\$2,320,536
Total audited expenditures.....	\$3,382,602

BUSINESS OPERATIONS

Category 1 (Tactics 1.1-1.5): Maintained financial systems and related business processes to improve NEA and affiliate efficiency in recording and reporting financial transactions. Promoted NEA and affiliate fiscal health through training and advisory services for staff and governance that enhances their ability to conduct Association business and meet regulatory requirements. Managed and projected the Association's finances by monitoring revenues and expenditures and analyzing factors that affect revenue streams and cause expenditure variances. Reduced loss and increased efficiency by executing a comprehensive risk management program that includes audits, compliance monitoring, and information security. Provided legal advice, counseling, agency fee support and support for the NEA Fund for Children and Public Education and Federal Election Commission matters.

Chargeable audited expenditures.....	\$5,276,957
Nonchargeable audited expenditures.....	\$9,672,529
Total audited expenditures.....	\$14,949,486

Category 2 (Tactics 2.1-2.3): Managed position control, classification costs, and all other workforce HR costs and their effect on the personnel line. Managed labor relations, payroll, benefits, performance management, and NEA staff's collective bargaining agreements. Developed NEA's workplace culture to foster a workforce inspired to achieve NEA's vision and strategy.

Chargeable audited expenditures.....	\$5,585,951
Nonchargeable audited expenditures.....	\$3,814,081
Total audited expenditures.....	\$9,400,032

Category 3 (Tactics 3.1): Led, directed, and aligned NEA's programs and services by engaging staff and managing resources to effectively advance the Association's strategic goals and core functions.

Chargeable audited expenditures.....	\$5,472,279
Nonchargeable audited expenditures.....	\$10,352,681
Total audited expenditures.....	\$15,824,960

Category 4 (Tactic 4.1-4.2): Facilitated the development of NEA strategy and aligned both strategy and operations.

Chargeable audited expenditures.....	\$4,023,994
Nonchargeable audited expenditures.....	\$1,771,366
Total audited expenditures.....	\$5,795,360

Category 5 (Tactic 5.1-5.5): Built a solid foundation of IT infrastructure, managed, adopted, and promoted the use of shared, common web-based services, data, and technology architecture. Directed resources for overall design, development, modernization, and maintenance of a robust central computing center. Provided standardization and improved IT service level management for all consolidated and enterprise-based services. Secured NEA's IT infrastructure.

Chargeable audited expenditures.....	\$7,812,631
Nonchargeable audited expenditures.....	\$14,819,549
Total audited expenditures.....	\$22,632,180

Category 6 (Tactic 6.1-6.2): Implemented building projects that improved NEA's infrastructure, and continue to make NEA a green environment. Managed NEA facilities, operational support, meeting logistics, and print media production.

Chargeable audited expenditures.....	\$14,077,670
Nonchargeable audited expenditures.....	(\$80,927)
Total audited expenditures.....	\$13,996,743

GOVERNANCE

Category 1 (Tactics 1.1-1.4, 4.1): Assessed NEA's governance procedures and policies to ensure that the organization has the procedural and structural ability to effectively respond to threats, advance its goals, and operate with maximum efficiency. Facilitated and supported well-informed decision-making by the Executive Officers and Committee to advance the organization's present and anticipated needs. Facilitated and supported well-informed decision-making by the Board of Directors that meets the contemporary and future needs of the organization. Facilitated and supported well-informed decision-making by the Representative Assembly that meets the contemporary and future needs of the organization.

Chargeable audited expenditures.....	\$6,442,086
Nonchargeable audited expenditures.....	\$1,443,398
Total audited expenditures.....	\$7,885,484

Category 2 (Tactic 2.1): Facilitated and supported well-informed deliberations of appointed committees and councils.

Chargeable audited expenditures.....	\$213,366
Nonchargeable audited expenditures.....	\$428,200
Total audited expenditures.....	\$641,566

Category 3 (Tactics 3.1-3.2): Provided Association leadership voice and engagement on events, topical issues, and relationships that best advance NEA's goals. Handled schedule coordination and logistics, correspondence with members, affiliates, and influentials, and developed opinion pieces in strategic print and web properties. Facilitated and supported leadership initiatives that strengthen NEA's alliances with U.S. and international labor unions. Identified, systematized, and disseminated best educational policies and practices from other countries.

Chargeable audited expenditures.....	\$320,364
Nonchargeable audited expenditures.....	\$1,277,526
Total audited expenditures.....	\$1,597,890

Category 4 (Tactics 5.1-5.3): Developed and identified content and experiences that will effectively impart NEA Leadership Competencies and prepare leaders with the knowledge, skills, and abilities necessary to lead relevant and thriving Associations. Partner with committed affiliates to align competency-based leadership development programming, and leverage collective resources. Delivered a National Leadership Summit that is based upon the NEA Leadership Competencies.

Chargeable audited expenditures.....	\$976,185
Nonchargeable audited expenditures.....	\$1,783,987
Total audited expenditures.....	\$2,760,172

SUPPORT/OVERHEAD SUMMARY

Total Support/Overhead Chargeable Audited Expenditures.....	\$51,644,388
Total Support/Overhead Nonchargeable Audited Expenditures.....	\$49,286,785
Total Support/Overhead Audited Expenditures.....	\$100,931,173

III. OVERALL ANALYSIS OF NEA AUDITED EXPENDITURES

Total Chargeable Audited Expenditures.....	\$140,316,390
Total Nonchargeable Audited Expenditures.....	\$217,481,310
Total Audited Expenditures.....	\$357,797,700
Final Chargeable Percentage.....	39.22%
Final Nonchargeable Percentage.....	60.78%

* In light of the U.S. Supreme Court's decisions in *Lehnert v. Ferris Faculty Ass'n*, 500 U.S. 507 (1991), and *Locke v. Karass*, 555 U.S. 207 (2009), NEA has allocated its UniServ grants program expenditures on the basis of Maryland State Education Association (MSEA)'s determination of the chargeable percentage of the grants it received in the 2015-2016 fiscal year, 78.49%. Thus, the resulting UniServ chargeable amount is \$51,001,007, rather than \$ 53,931,502 that was used for purposes of the NEA audit. The reason for the difference between the new figure for this program and its counterpart in the NEA audit is that, at the time the audit was conducted, most of the fair-share fee state affiliates had not yet determined their fiscal year 2015-2016 chargeable percentages. Accordingly, for purposes of the audit, the expenditures in the UniServ grants program were allocated using a conservative adjustment of the average chargeable percentage of UniServ grants to fair-share fee state affiliates for the year ended August 31, 2015, 83%.

In addition, NEA has allocated its expenditures in the Small States Foundation Program in accordance with MSEA's determination of the overall chargeable percentage of its total expenditures for the 2015-2016 fiscal year 63.92%, resulting in a chargeable amount of \$2,230,226, rather than \$2,442,363 that was used for purposes of the NEA audit. The reason for the difference between the new figure for this program and its counterpart in the NEA audit is that, at the time the audit was conducted, most of the fair-share fee state affiliates had not yet determined their fiscal year 2015-2016 chargeable percentages. Accordingly, for purposes of the audit, the expenditures in the Small States Foundation program were allocated using a conservative adjustment of the average chargeable percentage of fair-share fee state affiliates' total expenditures for the year ended August 31, 2015, 70%.

(continued...)

Similarly, NEA allocated its expenditures in the Unified State Executive Director Program (“USEDP”) in accordance with MSEA’s determination of the chargeable percentage of its executive director’s salary and benefits for the 2015-2016 fiscal year, 53%, resulting in a chargeable amount of \$788,192, as compared with \$996,393 that was used for purposes of the NEA audit. Again, the reason for the difference between the new figure and its counterpart in the NEA audit is that, at the time the audit was conducted, most of the fair-share fee state affiliates had not yet determined their fiscal year 2015-2016 percentages. Accordingly, for purposes of the audit, the expenditures in the USEDP were allocated using a conservative adjustment of the average chargeable percentage of expenditures for the salary and benefits of fair-share fee state affiliate executive directors for the year ended August 31, 2015, 67%.

Finally, since the fair-share fee locals affiliated with MSEA have allocated their 2015-2016 expenditures into chargeable and nonchargeable categories, NEA is allocating its expenditures in the Local Presidents Release Program by the average chargeable percentage, 89.93%, reported by those locals, resulting in a chargeable amount of \$224,375, as compared with \$182,135 that was used for purposes of the NEA audit. The reason for the difference between the new figure for this program and its counterpart in the NEA audit is that, at the time the audit was conducted, most of the fair-share fee affiliates had not yet determined their fiscal year 2015-2016 chargeable percentages. Accordingly, for purposes of the audit, the expenditures in the Local Presidents Release Program were allocated using a conservative adjustment of the average chargeable percentage of fair-share fee local affiliates’ total expenditures for the fiscal year ended August 31, 2015, 73%.

NEA has allocated its expenditures in the Affiliate Financial Assistance Program in accordance with MSEA’s determination of the overall chargeable percentage of its total expenditures for the 2015-2016 fiscal year, 63.92%, resulting in a chargeable amount of \$627,039, rather than the amount of \$686,682 that was used for purposes of the NEA audit. The reason for the difference between the new figure for this program and its counterpart in the NEA audit is that, at the time the audit was conducted, most of the fair-share fee state affiliates had not yet determined their fiscal year 2015-2016 chargeable percentages. Accordingly, for purposes of the audit, the expenditures in the Affiliate Financial Assistance Program were allocated using a conservative adjustment of the average chargeable percentage of fair-share fee state affiliates’ total expenditures for the year ended August 31, 2015, 70%.

As a result of these modifications to the allocation of expenditures in the UniServ grants, Small States Foundation, USEDP, Local Presidents Release, and Affiliate Financial Assistance Programs, the total chargeable amount for Category 1 of Organizing is \$56,562,187, as compared with \$59,930,423 in the NEA audit.

† In light of the decisions in *Lehnert* and *Locke*, see note *, which recognized that “part of a local’s affiliation fee which contributes to the pool of resources potentially available to the local is assessed for the bargaining unit’s protection, even if it is not actually expended on that unit in any particular membership year,” NEA has allocated its (*continued . . .*)

Unified Legal Services Program (ULSP) reimbursements on the basis of the MSEA's determination of the chargeable percentage of the reimbursements it received in the 2015-2016 fiscal year, 34.97%. Thus, the resulting ULSP chargeable amount is \$7,361,040. This figure differs from the ULSP chargeable amount used for purposes of the chargeable/nonchargeable schedule included in the NEA audit, \$13,261,238, because the amount in the audit was based upon a conservative adjustment of the average chargeable percentage of ULSP reimbursements to fair-share fee state affiliates for the year ended August 31, 2015. That percentage was 63%. NEA used this method because, at the time its audit was conducted, most of those state affiliates had not yet determined their fiscal year 2015-2016 chargeable percentages. In addition, for purposes of the NEA audit, Educators Employment Liability (EEL) insurance expenditures and Attorney Referral Program expenditures (ARP) were treated as chargeable. However, MSEA does not make EEL and ARP coverage available to fair-share feepayers and therefore such expenditure, \$11,325,833, has been treated as nonchargeable with regard to MSEA. Thus, the resulting chargeable total for Category 2 of Advocacy and Outreach is \$11,331,015, as compared with \$28,557,046 in the NEA audit.

‡ As a result of the adjustments in the programmatic activities, *see* notes * and †, the Programmatic Activity Chargeable Percentage is 34.52% as compared with 42.54% that was in the NEA audit. Therefore, for purposes of these calculations, the figure 34.52% was used to allocate certain expenditures in the Support/Overhead activities in accordance with the procedure discussed in footnote 3 on pages 44-47 of the NEA audit.