



July 27, 2017

Maryland State Education Association (MSEA)

In order to satisfy its obligation under *Chicago Teachers Union v. Hudson* to provide agency fee payers with “an adequate explanation of the basis for the fee,” the National Education Association (NEA) has included in this mailing the following documents:

- (1) A 14 page document entitled “National Education Association Chargeable and Nonchargeable Audited Expenditures for the 2015-2016 Fiscal Year”; and
- (2) The NEA Fiscal Year 2015-2016 Consolidated Financial Statements.

The first of the above-mentioned documents breaks down NEA’s audited expenditures from its most recently completed fiscal year on a category-by-category basis, and specifically indicates the expenditures it has determined to be chargeable to fee payers and those it has determined to be nonchargeable. A more detailed, *i.e.*, output-by-output, explanation of this breakdown can be found on pages 33-40 of the second document. In addition, pages 41-48 of the latter document contain an explanation of how NEA calculates its agency fee chargeable and nonchargeable expenditures.

For purposes of this notice to agency fee payers in MSEA, NEA has determined that in the 2015-2016 fiscal year, 39.22% of its expenditures went for chargeable activities and 60.78% of those expenditures went for nonchargeable activities. Because there is relatively little variation between NEA’s 2015-2016 expenditures and completed activities and its 2016-2017 budgeted expenditures and planned activities, NEA’s analysis of its percentages for the 2015-2016 fiscal year expenditures are being applied to the 2016-2017 fiscal year. However, to assure against any possibility that there may be some unexpected variation in expenditures between the 2015-2016 and 2016-2017 years, NEA has added a cushion of 3.92%, resulting in a chargeable percentage of 35.30% and a nonchargeable percentage of 64.70%.