

NECA DUES MODERNIZATION BREAKDOWN

Why Dues Modernization is Necessary

The dues structure that has served us for the past 31 years is outdated. NECA must modernize its financial framework to better serve our diverse membership, ensuring the association remains competitive, relevant, and capable of providing the highest value to its members. Tackling this issue now, during a time of financial strength, ensures NECA can continue its mission in an increasingly complex economic environment. In plain terms, things are more expensive and NECA is doing dramatically more than ever before—and *plans to continue doing so* in service of our members and chapters.

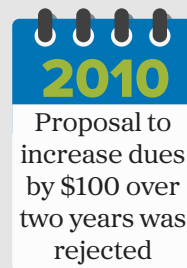
How Did this Dues Modernization Recommendation Come to Be?

The Executive Committee reviewed future financial needs and recognized the need to modernize NECA's business model. In early 2024, a task force of District Vice Presidents (4), Contractors (5), and Chapter Managers (6) was formed to explore options for necessary investments. The task force recommended focusing solely on dues modernization and suspending discussions on service charge changes. The Executive Committee approved this proposal for the Board of Governors' consideration at their September 2024 meeting in San Diego.

History of Dues Increases

The last dues increase occurred in 1993, when annual member dues were set at \$150. Since then, dues have remained unchanged despite the rising costs associated with supporting a growing membership base and the increased operational complexity of NECA.

Key dates in dues history:



Adjusted for inflation, \$150 in 1993 is equal to \$331 in 2024. However, the cost per member today, including new operational needs such as a robust website, programs and event costs, credit card fees, and other basic costs of membership, is approximately \$550 per member. This highlights the growing financial needs of the organization and the long-overdue necessity for dues modernization.

Impact of the Proposal

By modernizing the dues structure:

- NECA will maintain its financial health without the need to rely on reserve fund transfers.
- The association will be better equipped to foster innovation, deliver high-quality services, and support the evolving needs of its members.
- NECA will continue as the leader in the electrification of America.

NECA's total domestic membership count is approximately 3,900. This change in the annual dues will generate approximately \$1.17 million annually for the Association. Over the last six (6) years, an average of \$1 million annually has been moved from the Reserve Fund to the General Operating Budget. This change will annually replace the foregone Reserve Fund income (*provided the revised Reserve Fund policy is adopted*).

The dues modernization proposal requires a two-thirds majority vote to be passed at the Board of Governors meeting on September 28, 2024. By ensuring that dues are reviewed every five years, we are committing to a future of financial transparency and avoiding all-at-once increases like this one in the future.



ON AVERAGE
LESS THAN

15%

of the total fees collected by a chapter are remitted to NECA National.

1993



Administrative costs to maintain a member were **\$154** per member

2024



Administrative costs to maintain a member are **\$550** per member

In **1993**,
NECA's expense
budget was only

\$11,668,983



The Current Proposal

The Board of Governors (BoG) is now considering a proposal to modernize member dues for the first time in over 30 years.

Key Proposal Details:

- Annual dues increase: From \$150 to \$450 per member (*dues for international members would go from \$200 to \$500*), effective January 1, 2025.
- 5-Year Review Cycle: Every five years, dues will be reviewed to ensure transparency and prevent such gaps in dues appropriateness in the future

This proposal aims to ensure financial stability, reduce reliance on reserve funds, and allow NECA to expand and increase the development and delivery of value to its members while keeping pace with rising operational costs.

Bylaw Amendment – Proposal #1 – submitted by the NECA Executive Committee to amend Section 5.4 re Dues Amounts

(Submitted by the NECA Executive Committee)

WHEREAS, the dues amounts have remained constant since 1993; and,

WHEREAS, inflation has impacted membership expenses over the past 31 years; and,

WHEREAS, membership expenses have increased significantly since 1993 in conjunction with the growth of the association; and,

WHEREAS, NECA has had to rely on Reserve Fund earnings in order to cover additional membership expenses and balance the operating budget.

THEREFORE, be it resolved that the NECA Bylaws be revised by increasing the dues amounts (as noted below) in conjunction with a revised Reserve Fund Policy to eliminate the utilization of reserve spending for annual operations.

ARTICLE V. DUES and SERVICE CHARGES

Section 5.4. Dues Amounts.

- Members located in the United States shall pay four hundred and fifty (450) dollars dues annually plus specified monthly service charges. (See “c” below) This amount will be reviewed every five (5) years.
- Members located outside of the United States shall pay five hundred (500) dollars dues annually. This amount will be reviewed every five (5) years.
- Members shall also pay “monthly service charges” in an amount equal to two tenths (2/10) of one (1) percent of the member’s “productive electrical payroll” as defined in (d) below, for all electrical power, communications or controls contracting business executed in the United States. Service Charges are due and payable no later than the fifteenth (15th) day of the month following the month in which the labor was performed. “Productive electrical labor payroll” is defined as total wages, including overtime wages, paid for all hours worked by all classes of electrical labor for which a rate is established in the prevailing labor agreement where the labor was performed including:
 - Payroll of labor union members and nonmembers on the same basis.
 - Payroll paid and/or accrued for the labor of a member of the Association working with the tools.

“Productive electrical payroll” shall not include all payroll on manhours in excess of one hundred and fifty thousand (150,000) and twenty-five (25) percent of manhours in excess of seventy-five thousand (75,000), up to one hundred and fifty thousand (150,000) in any one Chapter area during any one calendar year.

Comment from NECA National Office:

These proposals are recommended **FOR** adoption for the reasons stated above.

