

NECA DUES & RESERVE FUND CHANGES : FAQ

NECA and the Executive Committee want to ensure members and leaders understand the reasoning behind the proposed changes and why they are necessary for NECA's future stability and growth.

NECA Dues and Reserve Fund Changes: FAQ

Q: Who developed the new dues model and how did it come about?

A task force consisting of Vice Presidents, Contractors, and Chapter Managers was formed to examine the current dues and service charges model and its impact on NECA members, chapters and the national organization. Following the task force's recommendations, the Executive Committee proposed the new dues model, which will be presented to the Board of Governors at the Annual Convention and Trade Show.

Q: Doesn't NECA already get enough financial support from what I pay to my chapter?

On average, 14% of dues, service charges, and AMF paid to local chapters is remitted to NECA National.

Q: Where does NECA's revenue currently come from?

Thanks to its commitment to and success in business development and raising non-dues revenue, more than half of NECA's revenue comes from sources other than member dues. However, 48% of NECA's revenue still comes from membership dues and service charges.

Q: Isn't NECA already bringing in more when contracts/hours go up under the current service charge model?

While NECA benefits from increased contract activity, it does not fully offset rising operational costs. The dues increase ensures that NECA remains financially healthy while keeping membership dues affordable for firms of all sizes.





Q: How will this dues increase enhance NECA's future operations?

The increase will allow NECA to continue delivering industry-leading services, resources, and advocacy. This financial stability ensures the association's ability to support contractors' success and growth, enhancing NECA's long-term value.

Q: What has NECA been doing to save money every year?

NECA continually identifies cost-saving measures such as negotiating better vendor contracts, reducing operational costs, and optimizing staff resources, while investing in digital tools and technologies to enhance member services.

Q: What do the proposed changes to the reserve policy do?

-  Eliminate EC authority to use reserves for annual operations.
-  Set a 5% cap on withdrawals for emergencies, with Board of Governors (BOG) approval required for any additional spending.
-  Maintain the reserve fund balance between 6 months and 2 years of operating expenses.
-  Ensure an annual review of the policy for relevance and effectiveness.

Q: What will NECA do with the new money raised by the dues increase?

The increased funds will eliminate the need to use reserve funds for annual operations and ensure financial stability. This change will generate approximately \$1.17 million annually, covering approximately what was previously drawn from reserves each year.



Q: How is NECA's senior leadership team compensated?

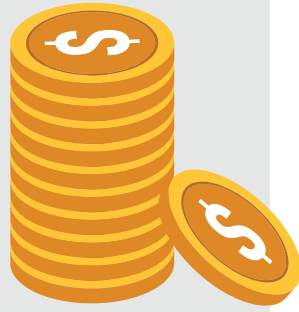
NECA's compensation for senior leadership is aligned with industry standards and organizations with comparable annual revenues. The Compensation Committee annually reviews and approves all salaries and related compensation at NECA. Salaries and benefits, as approved by the Compensation Committee, are included in the annual budget that is approved by the Executive Committee.

Q: When was the last time dues changed?

Dues have not been adjusted in 31 years, and the service charge calculation has stayed the same for 43 years.

Q: It's \$300. What's the issue?

The last dues increase was in 1993. Adjusted for inflation, the 1993 amount of \$150 in cost to provide member benefits would be \$550 in 2024. The basic costs of membership far exceed the current \$150 dues, and this modest increase to \$450 helps NECA continue providing value without overburdening members.



Further adjustments must account for investments in technology that did not exist in 1993, such as our member database and websites. An amount of \$220 for per year for technology to support these services is factored in.

Q: What is happening with the service charge?

The Executive Committee has been evaluating the current service charge model since the summer of 2023. Changes to the service charge equation, which hasn't been updated in 43 years, are currently on hold. Since it has been almost 10 years since we last conducted a value study, we believe that it is important to re-engage the membership at this time. The study will include input from members, staff, and leadership to determine the future of services and potentially alter, reduce, or combine offerings. The study will also address inequities in the service charge model, considering trends like mergers and acquisitions. The service charge, currently based on a percentage of gross labor payroll, remains unchanged at this time.

Q: If approved, when will the new dues policy take effect?

The new dues policy would take effect on January 1, 2025.

