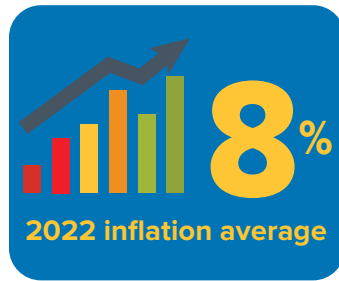
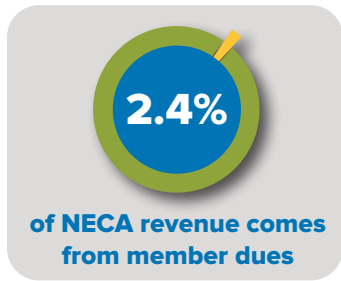


NECA SPENDING IN CONTEXT: MODERNIZING FOR THE FUTURE

Why Have NECA's Expenses Increased?

In 2015, following research and recommendations from the Value of Membership Task Force (VMTF), the Executive Committee issued a clear mandate to enhance member services, increase resources, and modernize operations and internal infrastructure. NECA has responded by investing heavily in new offerings and strategic initiatives to deliver more value to its members, bringing in-house service areas and expertise to increase efficiencies and ensure that NECA continues to lead the industry. The improvements made over the last decade are not the end. Like your business, operations will continue to evolve.



The Spending Approval Process

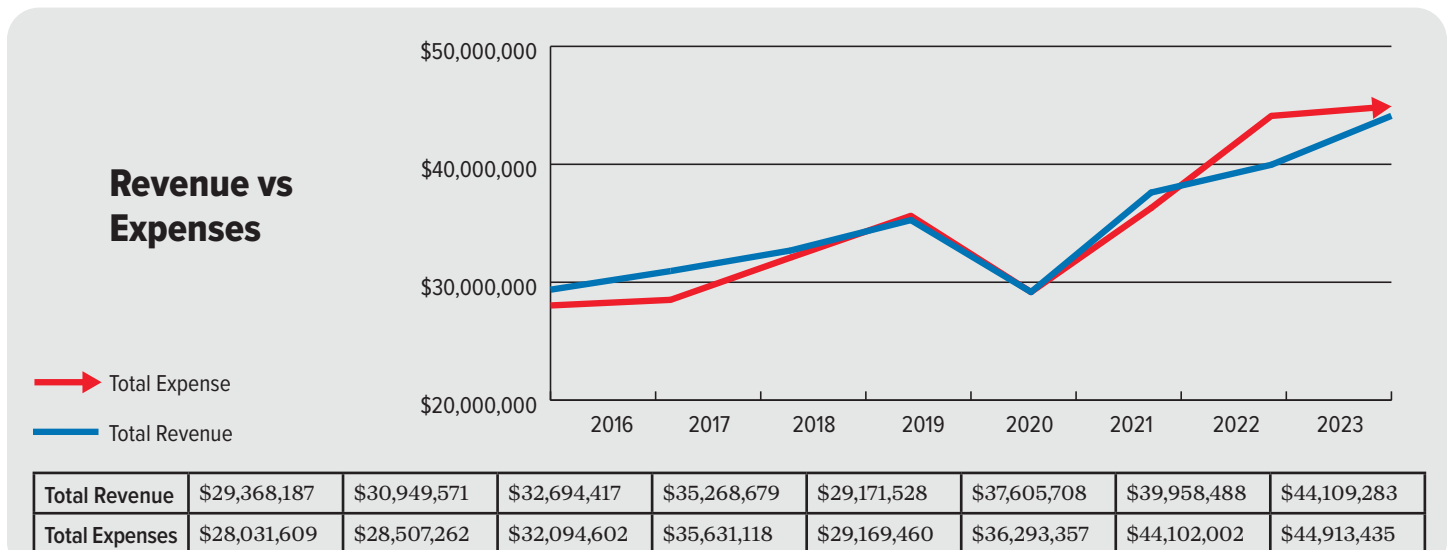


All financial decisions are vetted through NECA's robust corporate governance process. Every dollar appropriated is reviewed and approved by the Executive Committee, which represents every district and member category and ensures that member interests are prioritized.

Over time, the Board of Governors has considered a number of large initiatives requiring a multiyear investment, such as creation of the Learning Management System. This structure ensures that large-scale financial decisions are made with broad representation and oversight from the membership.

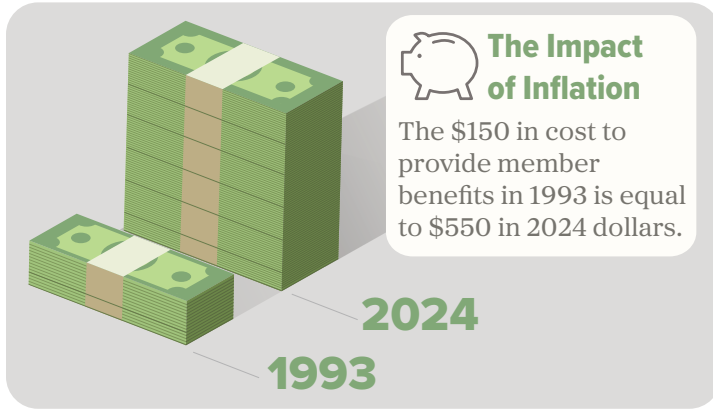
NECA Revenue vs. Expenses

It is important to provide an accurate and timely representation of NECA's financial management. Following a period of significant investment in our organization, we have balanced the need for innovation and improved services with prudent financial management by developing structural expense reductions that will provide significant annual savings without reducing services. This approach ensures NECA remains well-positioned to serve our members amidst a period of historic growth for our industry. We are pleased to note that spending stabilized in 2023, breaking the upward trend of previous years, and we will continue this trend with the recent structural changes. This stabilization occurred despite historic inflation and ongoing economic disruptions, underscoring NECA's commitment to fiscal responsibility. Although expenses in 2023 slightly exceed revenue, this aligns with NECA's strategic investments and NECA's enhanced value proposition for our contractors.



Investing for the Future

NECA's spending growth is necessary to meet the demands of a rapidly changing industry. The electrical contracting industry is poised to benefit from a minimum of four trillion dollars in investments in the electrification of America. Accordingly, the Executive Committees in recent years had the vision to see that NECA must be positioned for the future of the industry. Enhanced member services, operations, and strategic growth initiatives have placed NECA as the dominant force in the electrical construction field. Adjusting dues is not only reasonable but essential for continuing to provide the exceptional value members have come to expect.



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

Impact of Inflation

Between 2020 and 2023, inflation has significantly impacted operational costs across the country. NECA, like many other organizations, has faced these challenges head-on. The comparison below highlights the rise in the Consumer Price Index (CPI) during this period:

- 2020: 1.2%
- 2021: 4.7%
- 2022: 8.0%
- 2023: 4.14%

Moreover, 2020's expenses were artificially low due to COVID-related cancellations of in-person meetings and events. The subsequent rise in spending reflects the return of normal activities and inflationary pressures, not unchecked growth.



Where is the Increased Spending Going?

NECA has consistently prioritized the growth and development of its members by delivering high-impact events, conferences, and professional development programs.

- Enhanced Labor Relations to serve the needs of members and chapters
- On-demand, virtual, and in-seat educational programming to meet contractors' evolving needs.
- Expanded advocacy efforts in regulatory space
- 911 Diversity Outreach—responding to industry needs
- Leadership Development Programs
- Significant expansion in meeting offerings, transforming conferences to maximize value and save members' time and resources.
- Greater Safety focus on Outside Line for best workforce practices
- Legal representation consolidation and brought in-house
- Public relations campaigns to promote growth of electrification

Enhanced Labor Relations	Expanded Advocacy Efforts
Leadership Development	Educational Programming
Outside Line Safety	Public Relations Campaigns
Expanded Meetings	In-house Legal Representation

Executive Compensation

The Compensation Committee annually approves all salaries and related compensation at NECA.

Each District has their District Vice President representing them throughout each one of these processes. From the Strategic Plan, the annual budget, and down to each individual salary approval, the Executive Committee represents the interests of their District in each annual budget cycle. Each year the budget is approved, along with all salaries and benefits at NECA.



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