

Section 4. *Amendment or repeal.* Any action adopted through initiative or referendum process by the members of the Association may be repealed or amended by an affirmative vote of two thirds (2/3) of those members elected to any subsequent Representative Assembly.

Article XVI. Amendments

Section 1. *Amendments.* Amendments to this Constitution and Bylaws shall be presented for action at the annual meeting of the Association as defined herein, except that the Representative Assembly may by a two-thirds (2/3) vote act on amendments at its fall meeting, provided all other conditions as contained in this article are fulfilled. Action on amendments modifying membership fees shall be taken at the annual meeting only, except as stated in 3c below.

Section 2. *Constitution.* Amendments to the Constitution may be proposed by resolution of the Board of Directors, or any region, or of no fewer than five (5) locals of the Association. Proposed amendments shall be filed with the executive director of the Association and shall be sent to members of the Representative Assembly at least sixty (60) days prior to the meeting at which they will be considered and shall be adopted by a two-thirds (2/3) affirmative vote of the Representative Assembly.

Section 3. *Bylaws*

a. *Amendment.* Proposals for repeal, modification or adoption of new bylaws may be made by the Board of Directors or any other constituent unit of the Association, shall be filed with the executive director of the Association and shall be sent to members of the Representative Assembly at least sixty (60) days prior to the meeting at which they will be considered. Repeal, modification or adoption of new bylaws shall be by majority vote of the Representative Assembly.

b. *Membership fees.* Proposed modification of membership fees shall be sent to members of the Representative Assembly at least sixty (60) days prior to the annual meeting at which they will be considered. If specific dues amounts have not been proposed, the blank dues amendment will be automatically transmitted to the Representative Assembly.

c. *Crisis Assistance Program (CAP) FUND.* The Representative Assembly shall have the authority to assess an additional fee for the purpose of replenishing the CAP Fund in the event the fund is depleted or in danger of being depleted. This action may be taken without restriction to the annual meeting or sixty (60) day timeline.

Section 4. *Effective date.* Amendments to this Constitution and Bylaws shall become effective on September 1 following their adoption. The Representative Assembly may, by a two-thirds (2/3) vote of the delegates, establish an effective date other than September 1. All modification of life membership fees shall take effect immediately upon adoption by the Representative Assembly.

MEA Bylaws

(As amended by the Representative Assembly, May 1995)

Bylaws for the operation of the Association shall be established by a majority vote of the Representative Assembly. Repeal, modification or adoption of new bylaws may be proposed by any constituent unit of the Association. Bylaws shall conform to the Constitution and shall become effective upon establishment or on the date indicated in the Bylaws statement. The Association shall operate under written administrative policies and procedures as defined by the Board of Directors, which shall conduct, manage and control the affairs and business of the Association. All such administrative policies and procedures are subject to the review of the Representative Assembly and policies established by it.

The following Bylaws implement certain sections of the MEA Constitution.

I. Membership year and payment of fees

The official membership year shall extend from September 1 through August 31 each year. The terminal dates for other than full-year membership shall be the same as for full-year members. All membership fees shall be paid on or after September 1 of each year but may be paid earlier according to rules as established by the Board of Directors. Continuing membership in the Association shall be terminated at the request of a member when such a request is submitted to the Association in writing, signed by the member and postmarked between August 1 and August 31 of the year preceding the designated membership year.

II. Active membership

- A. *Qualifications.* Any person as defined in the Administrative Policies employed by an educational institution or agency may become an active member of the Association by paying the membership fee established by the Representative Assembly and the local association membership fee, where such fees are levied.

Any person employed by or on lay-off status from an educational institution or agency and who is a member of a local bargaining unit shall be classified as an active member and pay the MEA active membership fee, the NEA active membership fee and the membership fee of the local association as stated in the Administrative Policies. Eligibility for active membership shall continue while a person is on lay-off status, not to exceed three (3) years.

A life membership in the MEA/NEA may be bestowed upon an individual or individuals by the Board of Directors with Representative Assembly approval for recognition of outstanding performance for the Association and/or the profession. Said person or persons shall be afforded all rights and privileges of the specific membership grant bestowed upon them for the remainder of their natural lives. Members who become life members on or after July 1, 1961, shall continue membership in the local association and pay local association membership fees, where such fees are levied, as long as they remain actively engaged as educators or support personnel. This requirement shall be waived for those persons joining as life members prior to July 1, 1961.

- B. *United Profession membership.* Membership in the National Education Association shall be required of active members of the Michigan Education Association.

C. Fees

1. Membership fees of the Association shall be determined by the Representative Assembly. The membership fees shall be as stated in this section.
2. Except as provided in Subsections 3, 4, 5, 6 and 7 of this bylaw, the active monthly membership fee shall be forty-five dollars and seventy-one cents (\$45.71) in 1995-96. The active annual membership fee for each fiscal year shall not exceed 1.02 percent of the average masters maximum salary of settled MEA K-12 units as of August 31 two years preceding the start of said fiscal year. The active membership fee for educational support personnel shall be fifty percent (50%) of this active membership fee. One tenth (1/10) of the National Education Association active membership fee plus the appropriate active membership fee above must be paid monthly beginning in September of each membership year and every month thereafter during which the member remains eligible for this category of membership through June of that membership year. The MEA shall transmit the appropriate portion of each

membership fee to the NEA. Zero (-0-) dollars from each membership fee shall be placed in a Crisis Assistance Program (CAP) Fund, subject to a member's written election to receive a refund of zero (-0-) dollars according to such policies and guidelines as are from time to time adopted by the CAP Committee. Fifteen dollars (\$15) from each membership fee (seven dollars and fifty cents [\$7.50] for educational support personnel) shall be contribute to MEA-PAC on behalf of each member who is not already making an equal contribution, subject to a member written election to receive a full refund according to such policies and guidelines as are from time to time adopted by the Board of Directors. Eight dollars (\$8.00) from each annual membership fee shall be reserved for the Building, Site and Maintenance Fund of the Association. In addition, thirty dollars (\$30.00) shall be assessed for the image/crisis fund of the association annually through the 1996-97 fiscal year.

3. For those members of local MEA/NEA units which are not designated as negotiating agents and where negotiations fees or financial responsibility clauses have been negotiated in master agreements, state and National Education Association membership fee shall be fifty percent (50%) of the active membership fee per month beginning in September of each membership year and every month thereafter during which the member remains eligible for this category of membership through June of that membership year, according to policies established by the Board of Directors.
4. The membership fee for members who are on a laid-off or on-leave status shall be twenty-five percent (25%) of the active MEA membership fee, plus the appropriate NEA dues, for the category they were in prior to lay-off or leave.
5. The membership fee for persons eligible for active membership who are regularly employed for less than full time will be according to the proportion of a full-time load worked. Except as set forth in Subsection 6 of this bylaw, the proportion of a full-time load shall be determined by the local, and part-time membership fees shall be assessed as follows:
 - a. Up to and including twenty-five percent (25%) of full-time load shall pay one fourth (1/4) of the full active membership fee.
 - b. Over twenty-five percent (25%) to and including fifty percent (50%) of full-time load shall pay one half (1/2) of the full active membership fee.
 - c. Over fifty percent (50%) to and including seventy-five percent (75%) of full-time load shall pay three fourth (3/4) of the full active membership fee;
 - d. Over seventy-five percent (75%) of full-time load shall pay the full active membership fee.
6. For those substitute teachers who are members of local MEA/NEA units in which bargaining unit recognition has been achieved through MERC election and/or contract negotiations, the membership fee shall be one-eighth (1/8) of the full active membership fee, until such time as the substitute teacher shall achieve salary schedule placement. At that time, Bylaw II. C. 5 shall apply.
7. The membership fee for persons eligible for active membership and who are designated as *educational support personnel* (ESP) members who are regularly employed for less than full time will be according to hours worked. Such part-time fees for those designated as educational support personnel (ESP) members shall be assessed as follows:
 - a. One-tenth to ten (.1-10) hours per week shall pay one fourth (1/4) of the full active membership fee;
 - b. Ten-and-one-tenth to twenty (10.1-20) hours per week shall pay one half (1/2) of the full active membership fee;
 - c. Twenty-and-one-tenth to thirty (20.1-30) hours per week shall pay three fourths (3/4) of the full active membership fee;
 - d. Thirty-and-one-tenth (30.1) or more hours per week shall pay the full active membership fee.
8. Persons eligible for active membership employed in school districts, state institutions or institutions of higher education where no MEA/NEA-affiliated unit exists or where the MEA/NEA-affiliated unit is not recognized as legally representing its membership may join the Association by paying an annual fee of fifty percent (50%) of the active MEA/NEA membership fee as long as either of the above two conditions exist. At the beginning of the first membership year during which the member is no longer eligible for this category of membership, the regular membership fee shall be paid as provided in Section C-2.

III. Other membership

- A. *Associate.* Persons employed by an educational institution or agency, including MEA/NEA staff members, who are not eligible for active membership may become *associate* members. Any person who joins as an associate member after July 1, 1970, shall also be a member in good standing of the appropriate MEA-associated organization, provided one is available. The membership fee for persons meeting the above specifications shall be set annually by the MEA Board of Directors at a rate no less than the cost of allocated services. Persons who have not been employed by an educational institution or agency during the first semester shall pay one half (1/2) of the annual MEA membership fee. Related benefits shall be established by the MEA Board of Directors as stated in the Administrative Policies.
1. *Student*
 - a. Interns who are employed by local boards of education and are not included in local bargaining units may become MEA/NEA student members upon payment of a United Profession fee set annually by the MEA Board of Directors at a rate no less than the cost of allocated services for Michigan Education Association/NEA and the Student National Education Association. In addition, the intern shall pay the student membership fee in the local MEA/NEA unit.
 - b. Persons who are preparing for the teaching profession in any of the institutions of higher education in the state who are not regularly employed as educators by an educational institution or agency may become MEA/NEA student members upon payment of a United Profession fee set annually by the MEA Board of Directors at a rate no less than the cost of allocated services for Michigan Education Association/NEA and the Student National Education Association. In order to be eligible for MEA/NEA student membership, such students shall also be members in good standing of the SMEA chapter in the institution in which they are enrolled.
 2. *Substitutes.* Substitutes who are not included in local bargaining units may become MEA/NEA members upon payment of a United Profession fee set annually by the MEA Board of Directors at a rate no less than the cost of allocated services for MEA/NEA and the appropriate NEA fee.
 3. *General.* Any person interested in advancing the cause of education who is not eligible for categories of membership as provided in this Constitution and Bylaws may join the Association by paying a membership fee set annually by the MEA Board of Directors at a rate no less than the cost of allocated services.
- B. *MEA•R.* Any person who is or has been a member (active, associate) of the MEA or an education association of any state other than Michigan, and/or who is an annuitant of a public school employees retirement system or a retirement system of a college or university or educational agency, may become a MEA•R member. For those members, active or retired, who join on or after January 1, 1980, fees for this category shall be set annually by the MEA Board of Directors at a rate no less than the appropriate NEA-R lifetime fee. All retired MEA life members shall automatically become members of MEA•R.

IV. Privileges and obligations of membership

- A. Active members shall be admitted with full voting privileges and powers to the meetings of the Association. They shall be eligible to hold office in the Association and shall be eligible for all benefits and services accruing to members; shall be guaranteed that no member may be censured, suspended or expelled without a due process hearing, which shall include an appropriate appellate procedure; and shall receive the regular publications and all such special publications of the Association as the Board of Directors or the Representative Assembly may direct. Associate and MEA•R members shall be eligible for the services of the Association made available through membership in the Association except as otherwise provided and shall receive all publications of the Association but shall not be eligible to vote or hold office in the Association except as provided in this Constitution, Bylaws and Administrative Policies. The rights and privileges of a member enrolling in any category of membership for the first time shall begin on the date of the new membership application.
- B. *Obligations.* Association members shall give active support to the purposes and programs of the Association, exemplify the professional ethics as set forth in the Code of Ethics for the Education Profession adopted by the Association, conform to the Constitution, Bylaws and statements of policy of the Association, and pay membership fees promptly.

- C. *Voluntary contributions.* A voluntary contribution may be collected from each member for the Michigan Education Association Political Action Council (MEA-PAC) and the National Education Association Political Action Council (NEA-PAC), pursuant to procedures established by MEA and published in the official publication. The amounts will be established by MEA-PAC and NEA-PAC with concurrence by the Representative Assembly.
- D. *Exhaustion of remedies.* Any person or persons shall be obliged to exhaust all procedures and remedies provided for in the Constitution and these Bylaws before resorting to any court, tribunal or agency for the purpose of asserting a claim against the Association, any of its affiliates or subordinate bodies, or any of its employees, officers or members. Where any such person or persons, before or following exhaustion of all remedies provided for within the Constitution and these Bylaws, resorts to a court of law and loses their cause therein, all costs and expenses incurred by the Association, its affiliates or subordinate bodies, or its employees, officers or members, including attorney fees, shall be assessed against such person or persons in the nature of a fine.

V. Representative Assembly

- A. *Election of delegates.* Each local in good standing as determined by the MEA Constitution and the constitution of the region shall elect to the Representative Assembly one (1) delegate for each one hundred fifty (150) active and life members and/or major fraction thereof within the local during the current year. Voting shall be by secret ballot. Any active member of the Association may nominate or be nominated for office. Every active member to be represented by a delegate shall have the opportunity to vote. In the event the number of candidates equals the number of positions to be filled, there is no need for a printed ballot, and the candidates can be declared elected by acclamation. The term of office for each delegate shall be two (2) years, such term to begin September 1. Determination of election procedures to ensure continuity in the membership of the Representative Assembly shall be made by the Representative Assembly.
- B. The election shall take place prior to June 1. Results of all elections shall be transmitted to the MEA following the election. The ballots and all other records pertaining to the election shall be preserved for one (1) year and shall be kept in the custody of the president of the local association or region.
- C. Representative Assembly delegate positions which are vacant for any reason may be filled by a special election at any time.
- D. The Board of Directors will be required to review delegate allocation at least once every three (3) years to see that the Representative Assembly continues to meet the one-person/one-vote requirement.
- E. A local or locals within a region will be joined together to elect a delegate or delegates to the Representative Assembly as determined by the Board of Directors, provided these locals so joined together shall have at least one (1) delegate.
- F. *Representatives of Third World persons.* The percentage of the Third World person population of the state of Michigan as reported by the U.S. Census Bureau shall be reflected at all MEA representative assemblies. Therefore:
 - 1. Each region will elect a number of representatives of Third World persons as delegates at large equal to the number of MEA Board of Directors members for that region;
 - 2. Each local that has four (4), five (5), six (6) or seven (7) delegates will elect at least one (1) of its delegates a representative of Third World persons;
 - 3. Each local that has eight (8) delegates will elect at least two (2) of its delegates representatives of Third World persons;
 - 4. Each local that has nine (9) or more delegates will elect at least three (3) of its delegates representatives of Third World persons;
 - 5. If the region or local delegation contains the maximum number of delegates allowed but does not contain the required number of representatives of Third World persons, that delegation shall not be seated at the Representative Assembly except to vote for officers and dues. Further implementation and procedures will be as specified in the Administrative Policies of the Association.
- G. *Representation of MEA•R.* Allocation of delegates to the MEA Representative Assembly shall be based on one (1) delegate per one thousand (1,000) retired MEA•R members.

H. Filling of vacancies

1. Only duly elected alternates from the same local shall be designated to fill vacancies in the office of the local delegate to the Representative Assembly.
2. Only duly elected alternates from the same cluster shall be designated to fill vacancies in the office of the cluster delegate to the Representative Assembly.

VI. Duties of officers and executive director**A. President.** The duties of the president shall include the following:

1. Shall be chief executive and operating officer of MEA/NEA (not to be delegated);
2. Shall be responsible for policy interpretation and direction between meetings of the Board of Directors subject to review by the Board (not to be delegated);
3. Shall be responsible for the direction of the work of the Association staff and evaluation of that staff.
4. Shall be responsible for developing and implementing programs consistent with the policies of the Representative Assembly.
5. Shall be the official representative of the Association and the chief spokesperson on policy matters;
6. Shall have the right to represent official MEA/NEA positions before any affiliate organization of MEA/NEA;
7. Shall propose policy and program changes to the Board and Representative Assembly;
8. Shall prepare agendas for the various governing bodies for which the president has constitutional responsibility;
9. Shall report periodically to the membership at the Representative Assembly and report other times as are necessary (not to be delegated);
10. Shall preside at Representative Assembly, Board, Executive Committee and the Michigan NEA Representative Assembly delegation;
11. Shall maintain a close working relationship with the executive director;
12. Shall meet regularly with other officers of the Association and the executive director;
13. May delegate duties of the president to the officers and to the executive director (not to be delegated);
14. Shall appoint commission members and commission chairpersons with consent of the Board, except those elected by the Representative Assembly (not to be delegated);
15. Shall serve as ex officio member on all commissions and committees;
16. Shall be responsible for preparation of the Association budget in cooperation with the executive director and the secretary-treasurer and subject to guidelines adopted by the Representative Assembly and the MEA Board of Directors;
17. Shall be responsible for administration of the executive portion of the budget;
18. Shall remain an active member of the United Profession during term of office;
19. Shall be a delegate to the NEA Representative Assembly;
20. Shall employ a personal secretary.

B. Vice president. The duties of the vice president shall include the following:

1. Shall represent the Association at the discretion of the president on official matters;
2. Shall chair the Representative Assembly at the discretion of the president;
3. Shall chair committees and task forces at the discretion of the president;

4. Shall assist the president in preparation of the budget;
5. Shall be a state delegate to the NEA Representative Assembly;
6. Shall serve as caucus chairperson at the NEA Representative Assembly.

C. *Secretary-treasurer.* The duties of the secretary-treasurer shall include the following:

1. Shall make financial reports to the Representative Assembly and shall make special reports to the Board of Directors as required;
2. Shall assist the president in preparation of the budget;
3. Shall be a member of all official budget-related committees;
4. Shall be responsible for coordinating budget hearings;
5. Shall represent the MEA at NEA budget hearings at the discretion of the president;
6. Shall be responsible for selecting an independent auditing firm;
7. Shall furnish each member appropriate evidence of membership;
8. Shall, at the discretion of the president, represent the Association on official matters;
9. Shall chair committees and task force groups at the discretion of the president;
10. Shall be a state delegate to the NEA Representative Assembly;
11. Shall meet periodically with the appropriate staff, with concurrence of the president and the executive director, for the purpose of fulfilling constitutional duties;
12. Shall be responsible for the minutes of the Executive Committee, the Board of Directors and the Representative Assembly.

D. *Executive director.* The duties of the executive director shall include the following:

1. Shall, at the direction of the president, be responsible for directing the work of the Association staff and evaluation of that staff;
2. Shall act as general manager of the Association under the direction of the Board;
3. Shall provide secretarial services to the Board and Representative Assembly;
4. Shall prepare the Association budget in cooperation with the president and secretary-treasurer and subject to guidelines adopted by the Representative Assembly and the MEA Board of Directors;
5. Shall, at the direction of the president, develop and implement programs consistent with the policies of the Representative Assembly;
6. Shall serve as consultant to the governing bodies of the Association;
7. Shall, at the direction of the president, represent the Association on matters of established policy;
8. Shall employ associate executive directors in consultation with the president, subject to concurrence by the Board;
9. Shall meet periodically with the president, officers and appropriate staff to confer on policies and procedures;
10. Shall report regularly to the Board and semiannually to the Representative Assembly;
11. Shall inform locals of the number of Representative Assembly delegates to which each local is entitled and of election procedures as prescribed by the Constitution;
12. Shall serve as a consultant to the Michigan delegation to the NEA Representative Assembly;
13. Shall perform such specific duties as assigned by the Board of Directors.

VII. Commissions and committees of the Association

A. *Classification.* The commissions of the Association shall consist of the following:

1. Human Relations;
2. Instruction and Professional Development;
3. International Understanding;
4. Legislation;
5. Local Affiliates.

B. *Membership.* Except as otherwise provided, each commission shall be constituted as follows:

1. Six (6) members, two (2) elected each year by the Representative Assembly, nominated by petition or from the floor of the Assembly for terms of three (3) years each. When the number of candidates for the commission is equal to the number of vacancies, there is no need for a printed ballot and the candidates can be declared elected by acclamation;
2. Three (3) members from the Association membership at large appointed by the president with the consent of the Board of Directors for terms of three (3) years each, terms to be arranged in such manner that one (1) term shall expire each year;
3. One (1) member of the Board of Directors appointed by the president with the consent of the Board of Directors for a term coincident with membership on the Board who shall serve as a voting member of the commission;
4. Requests for liaison positions to commissions must be submitted annually to the Board of Directors, which shall approve or deny the establishment of such positions. Voting privileges may be granted to approve liaison members by a majority vote of the total membership of the commission;
5. The NEA state directors shall be members of MEA commissions as determined by the MEA Board of Directors in consultation with the NEA state directors in addition to those members as provided in subsections 1, 2 and 3 above and shall have voting power on the commissions, provided that not more than one (1) NEA state director shall serve on any one (1) commission at any one time;
6. The membership of a commission shall at no time include more than two (2) members from any one (1) region of the Association. This requirement shall not apply to NEA state directors as members of commissions;
7. Any member absent from two (2) consecutive meetings of a commission will no longer be considered a member of the commission and the position declared vacant unless the member's absence is for what is considered to be a valid reason by the commission chairperson. The commission chairperson will notify the president that the position is vacant;
8. A member may serve on only one (1) commission at any time and shall be limited to two (2) full consecutive terms on any commission;
9. The right to discharge members from commissions for just cause shall be reserved to the Board of Directors, which shall adopt and place in the Administrative Policies procedures covering discharge, such procedures to be subject to the approval of the Representative Assembly.

C. *Nominations and election at Representative Assembly.* Nominations may be made by petition of at least fifteen (15) delegates or from the floor. Petitions shall be filed with the executive director fifteen (15) days prior to the date of election. The election shall be by secret ballot and shall take place at the annual meeting of the Representative Assembly. In the event the number of candidates equals the number of positions to be filled, there is no need for a printed ballot, and the candidates can be declared elected by acclamation. Appointed and elected members of commissions shall take office on September 1.

D. *Vacancies.* In the case of a vacancy of a Board appointment, the president will have the right, in consultation with the Board, to fill the vacancy for the remainder of the term. In the case of a vacancy of a Representative Assembly-elected member, the president shall, in consultation with the Board, fill the vacancy until the next annual meeting of the Representative Assembly. Appointed members shall take office immediately.

- E. **Organization.** Each commission shall have the right to organize itself at its first meeting to be held by October 15 following the election. The member of the staff assigned to the commission shall act as secretary of the commission.
- F. **Committees**
1. A Resolutions Committee of five (5) members shall be appointed by the president with the advice and consent of the Board of Directors for terms of three (3) years, such terms to be arranged in such manner that not more than two (2) terms shall expire each year.
 2. A Women's Concerns Committee and a Minority Concerns Committee of sixteen (16) members each shall be appointed by the president with the advice and consent of the Board of Directors for terms of three (3) years, such terms to be arranged in such manner that not more than six (6) terms on each committee shall expire each year.
 3. A Migrant Education Committee of six (6) members shall be appointed by the president with the advice and consent of the Board of Directors for terms of three (3) years, such terms to be arranged in such manner that not more than two (2) terms shall expire each year.
- G. **Minority representation.** Each commission and committee of the Michigan Education Association/NEA shall reflect minority representation that is no less than the percentage of the minority population of the state of Michigan as reported by the U.S. Census Bureau.

VIII. Board of Reference

- A. **Meetings.** In the event that a member of the Board of Reference is absent from three (3) consecutive meetings, provided the judge is not disqualified to hear any particular case, such position shall be declared vacant.
- B. **Board of Reference.** A judge on the Board of Reference must be an active member of the United Profession at the time of appointment and maintain it throughout the term of office and hold no other elective office or appointive position in the Association or its affiliates. A judge shall commence the term of office on September 1. Any vacancies which should occur on the Board of Reference shall be filled by appointment of the president of this Association with the consent of the Board of Directors within thirty (30) days of receiving notification of the vacancy. A judge appointed to fill such vacancy shall serve the unexpired term. A judge shall receive no salary from this Association but shall be reimbursed for actual and necessary expenses.
- C. **Board of Reference rules.** The judges of the Board of Reference shall establish rules of procedure, a copy of which shall be filed with the executive director and shall be made available to any member of the Association upon request. The judges of the Board of Reference, acting under such rules of procedures as they adopt, shall elect one (1) of their number to serve as chairperson of the Board of Reference.

IX. Board of Reference: charges and hearings

- A. **Persons filing charges.** Any member or members of the Association may file charges against any other member or members of the Association.
- B. **Basis for filing of charges.** The following and no other shall constitute the basis for the filing of charges:
1. Violation of any provision of the Constitution, Bylaws or Administrative Policies of the Association, the provisions of the constitution or bylaws of any local association, the provisions of the constitution or bylaws of any region of this Association, or the provisions of the Constitution or Bylaws of the National Education Association;
 2. Violation of any provisions of the Guidelines for NEA Uniserv in Michigan;
 3. Violation of the Code of Ethics of the Education Profession;
 4. Willful violation of a legally negotiated and approved professional negotiations master agreement;
 5. Obtaining membership through fraud or misrepresentation;

6. Willfully interfering with any official of this Association, a local association, a region or the National Education Association in the discharge of lawful duties;
7. Misappropriation, embezzlement or improper illegal use of the funds of this Association, a local association, a region or the National Education Association, or any of their membership;
8. Any activity which assists or is intended to assist a competing organization within the jurisdiction of this Association;
9. Acting in collusion with management to the detriment of the welfare of the Association, a local association, a region or the National Education Association, or any of their membership;
10. Using the name of the Association, a local association, a region or the National Education Association in an unauthorized manner or for an unauthorized purpose;
11. Conduct unbecoming a member or officer of this Association, a local association, a region or the National Education Association.

Provided, in no case may a member be disciplined, suspended or expelled for the exercise of the right to attend membership meetings, unless that member is an officer of the Association, a local, a region or the National Education Association and has otherwise engaged in an activity prescribed above. Provided further, that all matters involving disputes arising under the Crisis Assistance Program, alleged violations of the breach of the duty of fair representation, and the discipline of members who continue in active employment during the course of a labor dispute where the withdrawal of services by other members has occurred shall be vested in the Executive Committee of the Board of Directors and shall not constitute the basis for the filing of charges before the Board of Reference.

- C. *Procedure for filing charges.* The charges shall be set forth in writing and signed by a member or members bringing the charge. The charges shall be specific, stating the exact nature of the alleged offense, including the date and circumstances thereof and, where a violation of a particular constitutional or bylaw provision is alleged, the specific section shall be cited along with the specific act or failure to act which constitutes the alleged violation. The charge shall be filed with the president of the trial body in the local association of which the accused is a member or, if the president of such trial body is a directly interested party, with the secretary of the trial body. A true copy of the charge shall be filed with the executive director of the MEA/NEA.
- D. *Limitations for filing of charges.* Charges must be filed within thirty (30) days of the date the charging party had knowledge of, or should have reasonably discovered and been aware of, the alleged offense. Date of filing shall be determined by date of postmark or date of hand-delivery to MEA Headquarters.
- E. *Trial body at local association level.* Where the local constitution or bylaws fail to provide otherwise, the trial body at the local association level shall consist of the local's executive board or committee, unless no such body exists, in which case the board of directors of said local shall constitute the trial body. Any directly interested party shall be disqualified by a majority of the remaining members of the trial body, and the presiding officer of the trial body shall then appoint a disinterested member of the local to serve in that place.
- F. *Copy of charges to accused party.* Within ten (10) days following the receipt of the charges (in the case of MEA, receipt by the secretary to the MEA Board of Reference), the person with whom the charges have been filed shall send by certified mail, return receipt requested, an exact copy of Article XII of the Constitution, Bylaw IX, and an explanation of the trial procedure to be followed.
- G. *Trial arrangements and procedure.* The trial body shall fix the date, time and place for the trial which is mutually convenient to the parties. If no mutually convenient date, time and/or place for the trial can be agreed upon by the parties, the trial body shall declare and fix a date, time and/or place for the trial. Attendance at MEA Board of Reference hearings shall be limited to MEA members, immediate families of the parties, representatives of record and witnesses. With the concurrence of the hearing officer, witnesses may be sequestered at the request of one of the parties until after their testimony is presented. It shall be at the discretion of the hearing officer or appellate board to permit other individuals to be in attendance or to limit attendance in order that the hearing may proceed in an orderly fashion. It shall not be necessary to maintain a written verbatim record of the trial unless request for such record is made by a directly interested party of the proceedings. If such request is made, the party making it shall be responsible for the cost of such record and of three (3) copies of the transcript, one (1) of which shall be furnished to the trial body and one (1)

to the opposing party. The reporter shall attach an affidavit to each copy of the transcript stating it is a true and accurate record of the evidence taken at the trial.

H. Rights of accused person. The accused person shall be guaranteed the following rights:

1. The right to be served with a full copy of the charges within ten (10) days after they are filed and at least thirty (30) days before the trial date;
2. The right to file a written answer to the charge;
3. The right to be tried within fifty-five (55) days (subject to a possible sixty [60] day extension) after the filing of the charges, which extension may be ordered by the trial body or hearing officer assigned to hear the charges, at the request of either party, the executive director, or on the trial body or hearing officer's own motion;
4. The right to have at least fifteen (15) days advance notice of the date, time and place of the hearing;
5. The right to confront the accuser;
6. The right to cross-examine the accuser and any witnesses;
7. The right to present witnesses in his/her own behalf;
8. The right to compel the production of Association, district (local association), region or National Education Association records pertinent to the case;
9. The right to select a person of his/her own choosing, other than a Uniserv director, to act as own counsel in the case;
10. The right to be presumed innocent unless proven guilty;
11. The right to refuse to testify against oneself, provided, however, that this right shall not include the right to refuse to produce at the trial any papers, books, or financial or other records which are the property of the Association and which are pertinent to the case;
12. The right to appeal, in the manner hereinafter provided;
13. The right to choose either an open or closed hearing.

I. Rights of accuser. The person bringing the charges shall be guaranteed the following rights:

1. The right to receive a copy of any written answer of the charge which may be filed by the accused at the time such answer is filed;
2. The right to have the charges heard within fifty-five (55) days (subject to a possible sixty [60] day extension) after they are filed, which extension may be ordered by the trial body or hearing officer assigned to hear the charges, at the request of either party, the executive director, or on the trial body or hearing officer's own motion;
3. The right to have at least fifteen (15) days advance notice of the date, time and place of the trial;
4. The right to give personal testimony;
5. The right to present the testimony of others and to cross-examine witnesses presented by the accused;
6. The right to compel the production of Association records pertinent to the case;
7. The right to select a person of his/her own choosing, other than a Uniserv director, to act as own counsel in the case;
8. The right to appeal, in the manner hereinafter provided.

J. Obligations of accuser. The person bringing the charge shall have the following obligations:

1. To file the original charge in sufficient detail as to afford the accused person full opportunity to prepare the defense;

2. To appear in person at the trial;
 3. To assume the burden of proof.
- K. *Penalties against guilty party.* A trial body may, if it finds the accused person guilty, assess any one or more of the following penalties:
1. Formal censure, including a formal warning against any repetition of the act or acts of which the accused party is found guilty;
 2. A fine in an amount not to exceed one (1) year's United Profession dues, to be paid to the local association;
 3. Partial restitution, where the consequences of the offense can be measured in material terms;
 4. Removal from office in the Association or its affiliates;
 5. Suspension from the right to hold any elected position in the Association or any of its affiliates for a period not to exceed five (5) years;
 6. Suspension from membership for a specified period of time, not to exceed two (2) years;
 7. Expulsion from membership;
 8. Any penalty or equitable remedy which may be necessary or warranted to achieve a just result consistent with the Constitution, Bylaws and Administrative Policies of the Association, provisions of the constitution or bylaws of any local association, the provisions of the constitution or bylaws of any region of this Association, the provisions of the Constitution of the National Education Association, or the Code of Ethics of the Education Profession. Failure to comply with a decision rendered by the Board may result in the assessment of further penalties.
- L. *Penalties against accuser of charges not sustained.* If the charges are not sustained, and the trial body or the appellate body is convinced that the charges were not brought in good faith or were actuated by malice, the trial body or the appellate body may impose such penalty on the charging party as in its judgment is deemed proper under the circumstances. In any such case, the party against whom the penalty is imposed shall have the right to appeal the imposition of any such penalty by the trial body, and no such penalty shall take effect while an appeal of such penalty is pending.
- M. *Time limits and form of decision.* All decisions must be rendered by the trial body within thirty (30) days following completion of the trial or within thirty (30) days following receipt of the trial transcript, if one is requested. This time limit may be extended by mutual consent of the accuser and the accused or for up to thirty (30) days by the trial body. If the thirtieth day or the extension thereof occurs on a Saturday, Sunday or a legal holiday, then the decision shall be rendered on the next business day. Decisions shall be in writing and shall be transmitted by certified mail, return receipt requested, to the person bringing the charge and to the accused simultaneously.
- N. *Time limits and form of appeal.* Either party may, within thirty (30) days following receipt of the decision, file an appeal to the Board of Reference in the same manner as is provided for the filing of original charges with the trial body. The appeal shall be in writing and shall be accompanied by a copy of the original charge and of the decision which is being appealed. The appeal shall set forth in substance the appellant's reasons for believing the trial body was in error and the nature of the error.
- O. *Failure of trial body to act within time limits.* In any case where a trial body fails or refuses to carry out its responsibilities under this article, or, except by mutual consent expressed in writing between the accuser and the accused, to adhere to the time limits set forth in this article, either party shall have the right to appeal to the MEA Board of Reference, provided, however, that under unusual circumstances, which shall be clearly set forth and made a part of the trial record, a local trial body may by a majority vote of all its members extend the time limits for the holding of a trial, not to exceed thirty (30) days.
- P. *Board of Reference trial.* Any trial held before the Board of Reference through the appeals procedure shall be conducted as a new trial. The members of the Board of Reference may, in their discretion, also consider any written record which has been made before the lower trial body. Where this is done, such matters as are so considered shall be made a part of the record of the trial at the Board of Reference. A verbatim record shall be made, either through the use of a court reporter or through mechanical means, and such record shall be retained for at least five (5) years following final disposition of the case.

- Q. **Board of Reference decisions.** Decisions of the Board of Reference shall be in writing and shall include at least the following separate items:
1. Background of the case (including a statement of the charges, if any);
 2. Statement of the issues;
 3. Summary of the evidence presented by the parties;
 4. Finding of fact;
 5. Conclusions;
 6. Assessment of a penalty, if any; or an order setting aside or modifying the previously imposed penalty, if any; or an order upholding the decision of the lower trial body, if any.
- R. **Distribution of decisions.** A copy of the decision of the Board of Reference shall be transmitted to the accuser and counsel of record, the accused and counsel of record, each member of the Board of Reference and the secretary of the lower trial body which previously heard the case.
- S. **Effective date of decisions.** Decisions of a trial body or the Board of Reference shall be in full force and effect from the date of the decision until and unless reversed or modified on appeal, provided, however, the Board of Reference, upon receiving a notice of appeal, may order a delay in the carrying out of any penalty which has been assessed, pending its hearing and disposition of the appeal.

X. Regions

- A. **Constitution.** The Board of Directors shall provide a uniform constitution for all regions. Regions may adopt any bylaws which are not in conflict with the MEA Articles of Incorporation, Constitution and Bylaws or any act of the Representative Assembly and Board of Directors and which do not infringe upon the rights and responsibility of the several locals within the region.
- B. **Boundaries.** The number of regions and geographical areas covered by each region shall be determined within Administrative Policies, subject to review of the Representative Assembly. The Board of Directors may make such changes in region boundaries as deemed necessary for more effective organization, or upon receipt of a petition signed by a majority of the members of the Association in any county or part of the county, may transfer an area from one region to another region, provided the county or part of the county is contiguous, or if the number of members warrants, may create a new region.
- C. **Region expenses.** The funds of the region shall be provided by the state Association based upon a minimum guarantee plus an amount per member in the region to be allocated to the region council according to rules established by the Board of Directors. Regions may levy upon their constituent locals such dues as may be approved by the region councils.

XI. District funds

- A. According to guidelines established by the Board of Directors, local associations singly or in combination shall receive a subsidy from the state Association, provided conditions as contained in this Constitution and Bylaws or established by the acts of the Representative Assembly or the Board of Directors are fulfilled.
- B. Voting shall be in accordance with local association constitution and bylaws. Every member shall have the opportunity to vote.

XII. Board of Directors

- A. **Apportionment.** Members of the Board of Directors shall be elected by the membership at large of the region on the basis of one (1) Board member for each two thousand (2,000), or major fraction thereof, active and life members within

the region. Each region shall have one (1) Board member. A review of the preceding allocation will be held at least once every three (3) years to see that the Board of Directors continues to meet the one-person/one-vote requirement. Procedures for reducing the number of Board seats from the region shall be as provided in the Administrative Policies of the Association.

- B. *Representatives of Third World persons.*** The percentage of Third World person population of the state of Michigan as reported by the U.S. Census Bureau shall be reflected on the MEA Board of Directors. Therefore:
1. Each region that has four (4) or five (5) Board members will elect at least one (1) of its members a representative of Third World persons.
 2. Each region that has six (6) or seven (7) Board members will elect at least two (2) of its members representatives of Third World persons.
 3. Each region that has eight (8) or more Board members will elect at least three (3) of its members representatives of Third World persons.
- C. *Compensation***
1. Each member of the MEA Board of Directors and the NEA state directors shall be reimbursed for any salary loss due to attendance at any regular meeting of the Board of Directors.
 2. Each member of the Executive Committee shall be reimbursed for any salary loss due to attendance at any regular meeting of the Executive Committee.
 3. The above provisions will not apply to any person who is receiving salary as an employee of the MEA.
- D. *Roll call votes.*** A record roll call vote shall be conducted upon the request of two (2) members of the Board of Directors.
- E. *Executive Committee hearings.*** All disputes described in Article X of the Constitution shall be submitted to the Executive Committee of the Board of Directors for disposition. The Executive Committee shall hold a timely hearing on such disputes at a time and place to be determined by the committee. The Executive Committee may in its discretion fine, suspend, expel from membership, remove from office or otherwise discipline any member found culpable in disputes resolved pursuant to this section or may take such other action or issue such relief as it deems appropriate. Where a member may be fined, suspended, expelled or otherwise disciplined under this section, that member shall be served with written specific charges, given a reasonable time to prepare a defense, and afforded a full and fair hearing before the Executive Committee. A verbatim record of the hearing will be made. The decision of the Executive Committee, except in duty of fair representation cases, can be appealed to the Board of Directors, where a decision will be reached based on the record of the Executive Committee. The decision of the Board of Directors shall be final. In duty of fair representation cases, the decision of the Executive Committee shall be final.

XIII. Governance and nongovernance units

- A. *Governance units.*** Affiliates of the Association shall be chartered by a majority vote of the MEA Board of Directors upon recommendation of the Executive Committee. The MEA guarantees that the affiliate cannot be censured, suspended or disaffiliated without a due process hearing, which shall include an appropriate appellate procedure.
- B. *Affiliation.*** A local affiliate, the basic unit of self-governance within the Association, shall be organized in accordance with the Constitution and shall meet at least the following minimum standards:
1. Shall apply the one-person/one-vote principle for representation on its governance bodies. A local affiliate shall require that representatives of Third World persons be elected so that the number of representatives of Third World persons sitting on its governance body is at least proportionate to its Third World person membership;
 2. Shall conduct elections with open nominations and a secret ballot;
 3. Shall require membership in the state and national associations;
 4. Shall adopt a policy that incorporates the Code of Ethics of the Education Profession;

5. Shall be reviewed by the state Association to determine compliance with the minimum standards at least once every five (5) years;
6. Shall have the same membership and fiscal year as that of the Association.

C. Procedure for affiliation

1. A group or unit seeking affiliation shall file a written application, including copies of its governance documents, with the Executive Committee.

After recommendation by the Executive Committee and approval by the Board of Directors, the group or unit seeking affiliation shall be granted affiliate status.

- D. Withdrawal.** In order to withdraw from the Association, a majority of the members of the local affiliate must vote to disaffiliate from the Association. Before the members of a local affiliate shall be permitted to vote on the question of withdrawing affiliation from the Association, six (6) months notice in writing shall be given to the executive director of the Association. No vote shall be taken by the members of the local affiliate except at a specially called meeting after due notice in writing to each and every member designating the purpose for the meeting. The vote shall be by secret ballot. Should the members of a local affiliate decide to withdraw from the affiliation with the Association, the officers, representatives and members of said local affiliate must comply with all the requirements of the Bylaws before being relieved of responsibility and liability of the Association.

E. Nongovernance units (associated organizations)

1. *Constitution and membership.* An associated organization shall adopt a constitution or bylaws, which shall be subject to review by the Board of Directors of the Association. Since an associated organization shall be an independent organization whose goals, objectives, constitution and bylaws are compatible with the Association, said constitution is subject to review by the Board of Directors of the Association to determine compatibility only. The associated organization will agree to promote the Association program to the degree it is consistent with its own program. Each associated organization shall require by its governing rules that each elected officer be a member of the Association, provided said officer is eligible for active membership in the Association and that the associated organization promote and urge membership in the Association. The Association shall promote and urge that each member join associated organizations for which the member is eligible.
2. *Finance and dues.* An associated organization may levy membership dues for the purpose of supporting its program. The Board of Directors of the Association may authorize additional funds to an associated organization under the terms or conditions of the Association's annual budget and may require a report of activities supported by the expenditures of such funds.
3. *Headquarters.* An associated organization may maintain its principal office at the general Headquarters of the Association. The amount and cost of space and other services shall be negotiated between the Association and the associated organization, said agreements to be in writing and signed by both groups.
4. *Reports.* Upon request, each associated organization shall file with the executive director of the Association an annual report of official actions and such other information as may be requested.
5. *Discontinuance.* An associated organization may be discontinued by a two-thirds (2/3) vote of the Representative Assembly of the Association upon recommendation of the Board of Directors, provided such recommendation shall have been presented at the meeting of the Representative Assembly preceding the meeting at which action is to be taken. The Board of Directors, before recommending discontinuance of an associated organization, shall, upon request, provide opportunity for a hearing. The right of an associated organization to discontinue its affiliated relationship to the Association is recognized.

XIV. Finance

- A. Fiscal year.** The fiscal year of the Association shall begin on September 1.
- B. Depository.** All funds received by the Association shall be deposited at once in the general funds depository designated by the Board of Directors. The executive director is authorized to deposit surplus funds of the Association in interest bearing certificates of deposit in the same depository.

C. *General fund*

1. A general fund shall be deposited as designated by the Board of Directors. The executive director is authorized to pay current Association bills from the general fund. Vouchers for all such payments shall be available for inspection by the Board of Directors.
 2. The general fund shall provide an appropriated reserve in an amount equal to at least four percent (4%) of the annual budget for the previous fiscal year. Appropriations from the appropriated reserve may be made only after approval by two-thirds (2/3) vote of the Board of Directors following thirty (30) days advance notice of the proposed appropriations.
- D. *Bonds.* The executive director shall purchase a fidelity bond covering all officers, agents, representatives and employees of the Association, the premium of which shall be paid by the Association. Said bond shall be in an amount not less than ten percent (10%) of the funds handled by any such person, but in no case more than five hundred thousand dollars (\$500,000).
- E. *Auditing and payment of bills.* No bills shall be allowed by the executive director unless they are fully itemized. The executive director shall furnish each person with the proper voucher, together with full instructions for making out the same. All bills involving travel expenses shall state the means of travel, place of lodging, the date and price of room per day, a full explanation of all expenses, the purpose of each trip and the nature of the business transacted. The authorized expenses of the Association may be paid by the executive director. No other expenditures shall be made until duly authorized by the Board of Directors or by the Representative Assembly. A resolution or motion involving the appropriation of money by the Representative Assembly shall be presented at least one (1) day before being acted upon. The executive director shall maintain detailed accounts and shall make a written report on financial conditions at each meeting of the Board of Directors.
- F. *Investments and borrowing.* The executive director may invest surplus funds and borrow money in the name of the Association when so authorized and directed by the Board of Directors. The Board of Directors may authorize the executive officers of the Association to borrow money and issue the promissory notes or bonds of the Association or the repayment thereof with interest, and upon the authority and direction of the Board of Directors, the real estate of the Association may be mortgaged as security for the debts or other lawful engagements of the Association.
- G. *Annual audit.* The Board of Directors of the Association shall require an audit, at least annually, by a certified public accountant, who shall submit a written report to the Board of Directors.
- H. *Review of budget.* At least thirty (30) days before the Representative Assembly the Board of Directors shall meet for the purpose of considering any changes in the proposed budget, which may be recommended by chairpersons of commissions, presidents of associated organizations or any member of the Association. The proposed budget, as recommended by the Board of Directors, shall be sent by the executive director to the members of the Representative Assembly two (2) weeks prior to the meeting at which the budget is to be acted upon.

XV. Publications

- A. *Official publication.* The official publication of the Michigan Education Association/NEA shall be sent to every member of the Association for one (1) year after the payment of annual dues.
- B. *Annual reports.* The president, executive director and the chairpersons of all commissions and committees shall submit a written annual report and recommendations to the Representative Assembly at the time of the annual meeting of the Assembly.
- C. The official logo of the MEA and/or NEA may only be used by the Association or its affiliates.

**An appropriated reserve of the general fund shall be implemented no later than the 1988-89 budget. For fiscal years 1984-85 and 1985-86, any excess of revenue over expenses, exclusive of amounts required for elimination of the general fund deficit, shall be credited to the appropriated reserve and commencing with the 1986-87 budget, an amount shall be appropriated in each year's budget for a two (2) year period in order to meet the constitutional mandate.*

XVI. Initiative and referendum

A. Initiative

1. *Petition form.* Initiative petitions shall be drawn according to the rules as contained in the Administrative Policies of the Association and shall be submitted prior to circulation to the executive director of the Association, who shall cause them to be reviewed by the legal counsel to the MEA Board of Reference. The jurisdiction of legal counsel in this instance is limited to ruling on the sufficiency of the petition form.
2. *Filing.* Initiative petitions shall be filed with the executive director of the Association, who shall canvass the petitions to ascertain if such petitions have been signed by the required number of active members and have been properly certified by an authorized circulator according to the Administrative Policies.
3. *Publication.* Upon receipt of the required number of signatures, the executive director shall cause the proposed measure and any existing measure to be modified by the proposal to be published in the next regular issue of the official publication of the Association.
4. *Voting*
 - a. *By Representative Assembly.* The initiated proposal shall be submitted to the Representative Assembly on the first day of the meeting and acted upon the second day. If the proposal is an amendment to the Constitution and/or Bylaws or modifies existing measures contained herein, the rules established in the Constitution governing amendment shall prevail. Otherwise, a majority vote of the delegates elected to the Assembly shall be required for adoption. Any initiated proposal adopted by the Representative Assembly shall have immediate effect unless otherwise provided in the measure. In the event the proposed measure is rejected by the Representative Assembly, the measure shall be submitted to the active membership of the Association within twenty (20) days from the date of rejection according to the procedures contained in Subsection b of this bylaw.
 - b. *By active membership.* Within twenty (20) days of publication date or rejection of the proposal by the Representative Assembly, the executive director shall cause to have prepared a uniform ballot setting forth the proposed measure and any existing measure to be modified by the proposal, such ballots to be sent by direct mail to active members of the Association of record as of the mailing date. Ballots shall contain a return date of fifteen (15) days from the mailing date. Sealed ballots shall be returned to the executive director of the Association. Only single ballots sealed in official envelopes will be counted. The MEA Board of Reference shall convene immediately to count the ballots and shall certify the results to the executive director. Two thirds (2/3) of those voting on the measure, provided that at least a majority of the active membership casts a vote, shall be required for adoption of the measure, which shall take immediate effect unless otherwise stated in the measure.

B. Referendum

1. *Form of petition.* Referendum petitions shall be drawn according to the rules as contained in the Administrative Policies of the Association.
2. *Filing.* Referendum petitions shall be filed with the executive director of the Association, who shall canvass the petitions to ascertain if such petitions have been signed by the required number of active members.
3. *Publication.* Upon receipt of the required number of signatures, the executive director shall cause the text of the referendum petition to be published in the next regular issue of the official publication of the Association.
4. *Voting.* Within twenty (20) days of publication date, the executive director shall cause to have prepared a uniform ballot setting forth the action being referred, such ballots to be sent by direct mail to active members of the Association of record as of the mailing date. Ballots shall contain a return date of fifteen (15) days from the mailing date. Sealed ballots shall be returned to the executive director of the Association. Only single ballots sealed in official envelopes will be counted. The MEA Board of Reference shall convene immediately to count the ballots and shall certify the results to the executive director. Two thirds (2/3) of those voting on the measure, provided that at least a majority of the active membership cast a vote, shall be required for adoption. Measures adopted by referendum shall take effect fifteen (15) days following certification of vote unless otherwise stated in the measure.

XVII. Succession and vacancies

A. Elected officers

1. A vacancy in the office of the president shall be filled by the vice president.
2. If during the first or second year of a term a vacancy in either the office of vice president or the office of secretary-treasurer occurs, such vacancy shall be filled by the Board of Directors, which shall elect a successor to serve until the next meeting of the Representative Assembly. The Representative Assembly shall then elect a successor for the remainder of the term. In the event a vacancy occurs during the third year of a term, the Board of Directors shall elect a successor for the remainder of the term.
3. In the event vacancies occur in the office of president, vice president and secretary-treasurer, the responsibility of convening the Board shall fall on the senior elected member of the Executive Committee, junior elected member of the Executive Committee, and then on members of the Board of Directors in order of seniority. The vacancies shall be filled within ninety (90) days.

XVIII. Recalls

A. Elected officers

1. The power of recall of the president, vice president, secretary-treasurer and NEA state directors shall be vested in the Representative Assembly, which is the elective body.
 2. The petitions for recall shall be filed with the executive director of the Michigan Education Association/NEA. Signatures of at least fifteen percent (15%) of the voting members of the Representative Assembly just preceding shall be required to initiate the recall procedures. Petitions shall be drawn in the manner as prescribed in these Bylaws. The executive director shall be responsible for validating the signatures contained on the petitions.
 3. Within fifteen (15) days of receipt of the number of signatures specified in Section 2, the executive director shall notify voting members of the Representative Assembly that such petitions have been received.
 4. Forty-five (45) days after the receipt of the number of signatures specified in Section 2, ballots shall be prepared and mailed to the voting members of the Representative Assembly except that in the event a regular meeting of the Representative Assembly occurs between thirty (30) and sixty (60) days of such receipt, the recall vote will be the first item of business on the agenda for that Assembly.
 5. In the event of a mail ballot on the recall vote, ballots shall be collected within fifteen (15) days following their distribution and shall be counted by the Board of Reference. A representative of the officer named in the petition shall be present when ballots are counted, if the officer so desires.
 6. If a majority of the voting members of the Representative Assembly vote to recall the officer, that office shall be declared vacant upon certification of the election results to the MEA executive director.
 7. In the event the president is recalled, the vice president shall succeed to the presidency immediately, serving in this capacity for the unexpired portion of the term, and the office of the vice president shall be filled by the next Representative Assembly. If the vice president is recalled, that office shall be filled by the next Representative Assembly for the unexpired portion of the term. The next Representative Assembly, as stated in this section, shall be defined as the Representative Assembly immediately following the certification of the results of a mail ballot or the Assembly at which a recall vote is taken.
 8. In the event an NEA state director is recalled, the MEA Board of Directors, in compliance with the NEA Constitution, shall appoint an interim to serve until the next Representative Assembly.
- B. Commission members.** Members of the MEA commissions may be recalled or their appointments revoked by a two-thirds (2/3) vote of the MEA Board of Directors. Before a vote is taken on the revocation of an appointment or recall of an elected commission member, ample opportunity shall be provided for a hearing on the matter before the Board of Directors.

C. Members of the Board of Directors

1. The motion for recall of a member of the MEA Board of Directors shall be submitted to the electorate by the region elections committee, which shall notify active members of the region that petitions for recall containing signatures of fifteen percent (15%) of the electorate have been received, such notice to detail charges involved.
2. Not more than thirty (30) days nor less than fifteen (15) days after notification, ballots shall be prepared and distributed by the elections committee according to procedures as provided in the Region Constitution.
3. Within fourteen (14) days following distribution, ballots shall be collected and counted as provided in the Region Constitution, except that the thirty (30) day prior notification clause shall be waived in matters of recall. The region elections committee shall then announce the results of the vote to the region council.

D. Delegates to the Representative Assembly. Delegates to the Representative Assembly may be recalled for just cause according to procedures prescribed in the Constitution of the local association by which they were elected except that petitions for recall shall be signed by not less than fifteen percent (15%) of the active and life members of that local association.

XIX. Multiple association bargaining organizations

- A. Establishment of name.** Any group of local associations within a single region or contiguous multiple regions, with exceptions made for higher education units, may form, by majority vote of those members voting within each local association, an organization for the purpose of combining resources and efforts to obtain more effective collective bargaining activity, including obtaining multiple employer collective bargaining agreements. Such a multiple association bargaining organization may select an appropriate geographical designation, such as a county or regional name, and be named the _____ *Education Association- MEA/NEA.*
- B. Agreements to enter.** Membership in multiple association bargaining organizations is voluntary. Any local association entering into such an agreement by majority vote of the members voting shall be found to honor such an agreement in the same manner and to the same extent that it is bound to honor the Bylaws of this Association.
- C. Powers.** Any such agreement to form or enter a multiple association bargaining organization may provide for a central body or bodies with executive, legislative and judicial powers, which must be democratically selected pursuant to the principles set forth in this Constitution and Bylaws and shall meet the minimum standards of the MEA/NEA.* Said body may have any or all of the following powers, anything to the contrary in the local constitutions of the agreeing locals notwithstanding:
1. To designate a common bargaining team for all or some of the agreeing locals;
 2. To delegate or exercise itself the power to formulate bargaining positions and demands for all or some of the agreeing locals;
 3. To reserve to itself or its designated common bargaining team or other designated representative the exclusive right to recommend ratification of any collective bargaining unit of multiple agreeing locals;
 4. To reserve to itself or its designated representative the authority as exclusive agent for any agreeing local to enter into any agreement with any employer with whom any agreeing local is the certified or recognized bargaining agent;
 5. To reserve to itself the exclusive authority to recommend to the membership of any or all agreeing locals any action to enforce or support any collective bargaining demand or agreement;
 6. To temporarily suspend from all power and authority any official of any agreeing local who circumvents or attempts to circumvent the agreement between his/her local and the multiple association bargaining organization, pending hearing before the subordinate judicial body of the multiple association bargaining organization or the Board of Reference of this Association, provided that any officer so suspended shall have the right of immediate appeal to the Executive Committee of this Association, who shall be empowered to stay such suspension pending hearing before the appropriate judicial body. The Executive Committee shall act to either approve or disapprove

* Refer to the last page of the MEA Bylaws for minimum standards.

any temporary suspension within seventy-two (72) hours after receipt of the appeal, or temporary suspension shall be automatically stayed until action is taken by the Executive Committee;

7. To receive such funds as may be appropriated for its operation; to levy dues upon its constituent units as the multiple association bargaining organization governance body determines. Nonpayment of such levies on the part of the local units shall prohibit such locals from seating delegates on the multiple association bargaining organization.
- D. **Ratification.** Procedures for ratification of a tentative contract achieved in any constituent local or any areawide tentative contract shall be provided within the multiple bargaining organization agreement.
 - E. **Amendment.** For purposes of this bylaw, the term agreeing local refers to any association which by majority vote of its members voting enters into an agreement with a multiple association bargaining organization. The use of the term agreeing does not indicate any requirement for a separate agreement to each separate provision of a multiple association agreement. A multiple association bargaining organization may amend or alter the basic agreement between its various locals pursuant to democratic procedures not inconsistent with this Constitution and Bylaws without requiring further ratification of the agreement by the individual agreeing locals.
 - F. **Judicial body.** The multiple association bargaining organization may establish a judicial body subordinate to the Board of Reference. If it does not, the MEA Board of Reference shall be the judicial body for the multiple association bargaining organization.
 - G. **Withdrawal.** A local association may withdraw from a multiple association bargaining organization (MABO) pursuant to the following procedures:
 1. If the MABO is not the certified or recognized collective bargaining agent for the members of the local association, withdrawal shall be pursuant to this subparagraph. When a petition of thirty percent (30%) of the members of the local association is filed with the MABO and/or the MEA, and no such election has been held within a one (1) year period, an election shall be held between thirty (30) and forty-five (45) days from the filing of the petition. Receipt of such petition shall be communicated between the MABO and MEA within seven (7) days. All members of the local association may participate. There shall be a minimum of seven (7) days notice of the election. Notice shall be in writing to all members of the local association that a vote on withdrawal will be taken at the special meeting. The election shall be at a special meeting of the local association called for the specific purpose of taking a vote on withdrawal. The vote shall be by secret ballot. If a majority of those voting elect to withdraw from the MABO, said withdrawal shall be effective immediately. Withdrawal will have no effect on the status of the local association and/or MEA/NEA as the collective bargaining agent.
 2. Where the MABO is the certified or recognized collective bargaining agent for the members of the local association, withdrawal shall be pursuant to this subparagraph. When a petition for withdrawal from the MABO signed by thirty percent (30%) of the members of the local association is filed with the MABO and/or the MEA, and no such election has been held within a one (1) year period, an election shall be held between thirty (30) and forty-five (45) days from the filing of the petition. Receipt of such petition shall be communicated between the MABO and MEA within seven (7) days. All members of the local association may participate. There shall be a minimum of seven (7) days notice of the election. Notice shall be in writing to all members of the local association that a vote on withdrawal will be taken at the special meeting. The election shall be held at a special meeting of the local association called for the specific purpose of taking a vote on withdrawal. The vote shall be by secret ballot. If a majority of those voting elect to withdraw from the MABO, the issue of decertification will be submitted to the Michigan Employment Relations Commission (MERC) at the earliest possible date pursuant to its procedures. In such cases the MABO shall consent to a MERC-conducted election and/or a voluntary agent change. The MEA will facilitate any election held by MERC with respect to the local association's withdrawal. Certification by MERC of a collective bargaining agent other than the MABO will constitute immediate withdrawal of the local association from the MABO.
 3. Notwithstanding any other provision of these Bylaws to the contrary, where a petition for election is filed with MERC seeking decertification of the MABO and/or the local association or the Michigan Education Association/NEA as bargaining agent for the local association, the following will apply. The MEA may, if it deems it appropriate, participate in conjunction with the local association or MABO or on its own behalf in any election proceedings that may ensue. Certification by MERC of a collective bargaining agent other than the MABO will constitute immediate withdrawal of the local association from the MABO.

XX. Contract ratification

- A. The constitution and/or bylaws of local affiliates and multiple association bargaining organizations shall provide for contract ratification procedures. Said procedures shall minimally incorporate the following:
1. Only a proposed contract tentatively agreed to by an officially impaneled bargaining team may be submitted to a membership for a ratification vote.
 2. A majority vote of those members voting shall be required for ratification.
 3. Only members in good standing may vote on ratification.

XXI. Rules

- A. *Quorum.* A majority shall constitute a quorum for the transaction of business in all cases except for meetings of the MEA Board of Directors, where a quorum shall consist of two thirds (2/3) of the members elected to the body.
- B. *Majority vote.* No motion shall be passed by the Board of Directors or a commission or committee without the concurrence of a majority vote of all members elected to the body. No motion shall be passed by the Representative Assembly without the concurrence of a majority vote of those members having registered with the Credentials Committee and seated by the Assembly.
- C. *Rules of order.* *Robert's Rules of Order*, latest edition, shall be the authority in transaction of business unless such provisions conflict with the Constitution or Bylaws of the Association.

XXII. Definitions

- A. *Executive office.* Executive office shall mean the MEA president, MEA vice president and MEA secretary-treasurer.
- B. *Third World person.* Third World person shall mean those persons designated as ethnic minority by statistics published by the U.S. Bureau of the Census. This designation shall specifically include Black, Mexican American, other Spanish-speaking groups, Asian American and Native American.
- C. *Representatives of Third World persons.* Representative of Third World persons shall mean a person elected or appointed to represent the interests of ethnic-minority persons. (Such a representative may be of any race, religion or ethnic background.)

NEA Bylaw 8-7: Standards for local affiliates

The Association shall not affiliate a local association unless it meets the following minimum standards:

- a. Each affiliate shall apply the one-person/one-vote principle for representation on its governing bodies except that the affiliate shall take such steps as are legally permissible to achieve ethnic minority representation at least proportionate to its ethnic-minority membership. Where an all-inclusive affiliate exists, it shall provide proportionate representation between its nonsupervisor members and its supervisor members;
- b. The affiliate shall conduct all elections with open nominations and a secret ballot;
- c. The affiliate shall require membership in the Association and in its state affiliate where eligible, within one (1) year after the effective date of this document;
- d. The affiliate shall be reviewed by the Association to determine compliance with minimum standards for affiliation at least once every five (5) years;
- e. The affiliate shall have the same membership year as that of the Association;
- f. The affiliate shall guarantee that no member of said affiliate may be censured, suspended or expelled without a due process hearing, which shall include an appropriate appellate procedure.

amended



FORM LM-1 LABOR ORGANIZATION INFORMATION REPORT

Form approved
Office of Management
and Budget
No. 1215-0188
Expires 11-30-99

This report is mandatory under P.L. 86-257, as amended. Failure to comply may result in criminal prosecution, fines, or civil penalties as provided by 29 U.S.C. 439 or 440.

READ THE INSTRUCTIONS CAREFULLY BEFORE PREPARING THIS REPORT. SUBMIT THIS REPORT IN DUPLICATE.

IDENTIFICATION ITEMS (To be completed by all filers)

1. Is this the first Form LM-1 your organization has filed? <input type="checkbox"/> Yes, this is an INITIAL FORM LM-1. (Complete Items 1 through 21 except Item 2.) <input checked="" type="checkbox"/> No, this is an AMENDED FORM LM-1. (Complete Items 1 through 9, 18, 20 and 21.)		2. FILE NUMBER 512-840	
4. AFFILIATION OR ORGANIZATION NAME Michigan Education Association (National Education Association)		3. What is your organization's fiscal year ending date?	
		MONTH 08	DAY 31
5. DESIGNATION (Local, Lodge, etc.) State Affiliate		6. DESIGNATION NUMBER N/A	
7. UNIT NAME (if any) Michigan Education Association		8. MAILING ADDRESS (In care of) Name and Title of Person <u>Charles S. Anderson, Executive Director</u> Number and Street <u>1216 Kendale Blvd., P.O. Box 2573</u> Building and Room Number (if any) _____ City <u>East Lansing</u> State <u>MI</u> ZIP Code <u>48826</u>	
		9. Are your organization's records kept at its mailing address? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <i>(If "No," provide address in Item 19.)</i>	

INFORMATION ITEMS (To be completed by initial filers only)

10. Where is your organization chartered to operate?			11. When is your organization's next regular election of officers?											
CITY	COUNTY	STATE	MONTH	YEAR										
		MI	Spring	1999										
12. Are any of your organization's members: <input checked="" type="checkbox"/> Private Industry Employees <input type="checkbox"/> U.S. Postal Service Employees <input type="checkbox"/> Federal Government Employees <i>(Check as many boxes as are applicable.)</i>		13. Is your organization: <input type="checkbox"/> A Local, Lodge, Branch, etc. <input type="checkbox"/> An Intermediate Body (a conference, general committee, joint board, system board, joint council, district, etc.) <input type="checkbox"/> A National or International		14. What are your organization's expected annual receipts (dues, fees, etc.): <input type="checkbox"/> Less than \$10,000 <input type="checkbox"/> \$10,000-\$199,999 <input checked="" type="checkbox"/> \$200,000 or more										
15. List the names and titles of all your organization's officers:														
NAME		TITLE		NAME	TITLE									
<u>Julius Maddox</u>		<u>President</u>												
<u>Lynn Larson</u>		<u>Vice President</u>												
<u>Steven Cook</u>		<u>Secretary-Treasurer</u>												
16. What are your organization's rates of dues and fees? (Enter a minimum and maximum if more than one rate applies for any line.)			17. Two copies of your organization's current constitution and bylaws must be filed with this report. Under certain circumstances, your parent national or international may file copies on your behalf (see the instructions for this item). Is your parent national or international submitting copies on your behalf? <input type="checkbox"/> Yes <input type="checkbox"/> No											
<table border="1"> <thead> <tr> <th colspan="2">Rates of Dues and Fees</th> </tr> </thead> <tbody> <tr> <td>(a) Regular Dues/Fees</td> <td>\$ <u>49.03</u> per <u>month</u> <small>(month, year, etc.)</small></td> </tr> <tr> <td>(b) Initiation Fees</td> <td>\$ <u>0</u> (<u>10 months</u> only)</td> </tr> <tr> <td>(c) Transfer Fees</td> <td>\$ <u>0</u> only</td> </tr> <tr> <td>(d) Work Permits</td> <td>\$ <u>0</u> per _____ <small>(month, year, etc.)</small></td> </tr> </tbody> </table>			Rates of Dues and Fees		(a) Regular Dues/Fees	\$ <u>49.03</u> per <u>month</u> <small>(month, year, etc.)</small>	(b) Initiation Fees	\$ <u>0</u> (<u>10 months</u> only)	(c) Transfer Fees	\$ <u>0</u> only	(d) Work Permits	\$ <u>0</u> per _____ <small>(month, year, etc.)</small>	<input type="checkbox"/> Yes <input type="checkbox"/> No If your organization is filing any governing documents with this report, list them below. <u>Bylaws and Constitution</u> _____ _____	
Rates of Dues and Fees														
(a) Regular Dues/Fees	\$ <u>49.03</u> per <u>month</u> <small>(month, year, etc.)</small>													
(b) Initiation Fees	\$ <u>0</u> (<u>10 months</u> only)													
(c) Transfer Fees	\$ <u>0</u> only													
(d) Work Permits	\$ <u>0</u> per _____ <small>(month, year, etc.)</small>													

PRACTICES AND PROCEDURES

(To be completed by all filers except Federal employee labor organizations subject solely to Title VII of the Civil Service Reform Act or Chapter 10 of the Foreign Service Act)

18. Enter in Column (1) the page number and section or paragraph number of your organization's constitution and bylaws where the listed practice or procedure is described. Or, if not described in the constitution and bylaws, check the box in Column (2) and provide a description of the practice or procedure in Item 19 or on an attached page.

PRACTICE OR PROCEDURE	(1) PAGE, SECTION, AND/OR PARAGRAPH NUMBER OF CONSTITUTION AND BYLAWS	(2) DESCRIBED IN ITEM 19
(a) Qualifications for or restrictions on membership	(Cons) p 1, III; (Bylaws) pp. 1-3, I-III	(a) <input type="checkbox"/>
(b) Levying assessments	(Cons p 4, VIII, Sect 5	(b) <input checked="" type="checkbox"/>
(c) Participating in insurance or other benefit plans	N/A	(c) <input type="checkbox"/>
(d) Authorizing disbursement of labor organization funds	(Bylaws p 15, XIV, Sect E	(d) <input type="checkbox"/>
(e) Auditing financial transactions of the labor organization	(Bylaws p 6, VI, C, 6; VIV,E	(e) <input type="checkbox"/>
(f) Calling regular and special meetings	(Cons p 4, VII, 3; p 6, IX,3 (Cons) p 2, IV, 1; p 4 VII,2;	(f) <input type="checkbox"/>
(g) (1) Selecting officers and stewards and any representatives to other bodies composed of labor organizations' representatives	p 5, IX, 2; (Bylaws) p 4, V	(g)(1) <input type="checkbox"/>
(2) Invoking procedures by which a member may protest a defect in the election of officers (including not only all procedures for initiating an election protest but also all procedures for subsequently appealing an adverse decision, for example, procedures for appeals to superior or parent bodies, if any)	(Cons) pp 7-8, XII; p 9, XV; (Bylaws pp 8-12 VIII and IX	(g)(2) <input type="checkbox"/>
(h) Disciplining or removing officers or agents for breaches of their trust	(Cons p 8, XII, 6; (Bylaws) p 1, 1-18, XVIII	(h) <input type="checkbox"/>
(i) Imposing fines and suspending or expelling members including the grounds for such action and any provision made for notice, hearing, judgment on the evidence, and appeal procedures	(Cons) pp 7-8, XII; (Bylaws) pp 8-12, IX	(i) <input type="checkbox"/>
(j) Authorizing bargaining demands	N/A	(j) <input checked="" type="checkbox"/>
(k) Ratifying contract terms	N/A	(k) <input checked="" type="checkbox"/>
(l) Authorizing strikes	N/A	(l) <input checked="" type="checkbox"/>
(m) Issuing work permits	N/A	(m) <input checked="" type="checkbox"/>

ADDITIONAL INFORMATION

(To be completed by all filers, as necessary)

19. ADDITIONAL INFORMATION (If more space is needed, attach additional pages properly identified.)

Item Number	See attached.
-------------	---------------

SIGNATURES

(To be completed by all filers)

Each of the undersigned, duly authorized officers of the above labor organization, declares, under the applicable penalties of law, that all of the information submitted in this report (including the information contained in any accompanying documents) has been examined by the signatory and is, to the best of the undersigned's knowledge and belief, true, correct, and complete. (See Section VI on penalties in the instructions.)

20. SIGNED: <u>Julius A. Mulloy</u> 10-23-97 (517) 332-6551 Date Telephone Number	21. SIGNED: <u>[Signature]</u> 10-21-97 (517) 332-6551 Date Telephone Number
PRESIDENT <small>(If other title, see instructions)</small>	SECRETARY <small>(If other title, see instructions)</small>

Item Number 19

- (b) Levying of assessments
- There is no provision for assessment of members other than the regular dues. In May of 1994 the MEA Representative Assembly did exercise its authority as the legislative body of the Association to establish a special assessment for a Crisis/Image Fund. This assessment was \$30 per member (per year) for a period of three years.
- (j) Authorization for bargaining demands
- Bargaining demands are formulated by local affiliates and not by the Michigan Education Association. The Fall Representative Assembly formulates bargaining goals that all local units should attempt to meet.
- The Michigan Education Association does provide supportive services to local affiliates to aid in the formulation of bargaining demands.
- (k) Ratifying contract terms
- The Michigan Education Association does not ratify contracts. This is done by local affiliates.
- (l) Authorization for strikes
- The Michigan Education Association does not authorize strikes by its local affiliates. The Michigan Education Association does, however, have a Crisis Evaluation and Job Action Investigation Procedure that is utilized to determine the level of MEA support in the event a local affiliate is confronted with a bargaining impasse.
- (m) Issuance of work permits
- The Michigan Education Association does not issue work permits.

MICHIGAN EDUCATION ASSOCIATION - NEA

REPORT ON FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2000 AND 1999



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Statements of cash flows 6

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October 31, 2004

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 3 to the financial statements, the Association reports its investments in Michigan Education Data Network Association, Inc. and MIA Financial Services, Inc., wholly owned subsidiaries, on the cost method of accounting. Generally accepted accounting principles require that all majority-owned subsidiaries be accounted for as consolidated subsidiaries. If the financial statements of Michigan Education Data Network Association, Inc. and MIA Financial Services, Inc. had been consolidated with those of Michigan Education Association - NEA, total assets and total liabilities would be increased by approximately \$1.9 million and \$0.4 million, respectively, and net assets would increase by approximately \$1.5 million as of August 31, 2004. Revenues, expenses and changes in net assets would be increased by approximately \$1.3 million, \$1.7 million and \$0.5 million, respectively, for the year then ended. As of August 31, 2003, total assets and total liabilities would be increased by approximately \$1.2 million and \$1.2 million, respectively, and net assets would increase by approximately \$1.1 million. Revenues, expenses and changes in net assets would be increased by approximately \$10.7 million, \$10.7 million and \$10.7 million, respectively, for the year then ended.



Maner,
Costerisan
& Ellis, P.C.
Certified Public Accountants

Jack E. Powers
Lawrence C. Kowalk
Gary W. Brya
Lamonte T. Lator
Bruce J. Dunn
Jeffrey C. Stevens
Linda I. Schirmer
Steven W. Scott
David M. Raeck

Robert E. Miller, Jr.
Steven B. Robbins
James E. Nyquist
Eugene J. Carolan
James R. Dedyne
Walter P. Maner, Jr.
Floyd L. Costerisan
Leon A. Ellis (1933-1988)

INDEPENDENT AUDITORS' REPORT

October 31, 2000

To the Board of Directors
Michigan Education Association - NEA
East Lansing, Michigan

We have audited the accompanying statements of financial position of the Michigan Education Association - NEA as of August 31, 2000 and 1999, and the related statements of activities, changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 5 to the financial statements, the Association reports its investments in Michigan Education Data Network Association, Inc. and MEA Financial Services, Inc., wholly owned subsidiaries, on the cost method of accounting. Generally accepted accounting principles require that all majority-owned subsidiaries be accounted for as consolidated subsidiaries. If the financial statements of Michigan Education Data Network Association, Inc. and MEA Financial Services, Inc. had been consolidated with those of Michigan Education Association - NEA, total assets and total liabilities would be increased by approximately \$4.0 million and \$2.4 million, respectively, and net assets would increase by approximately \$1.6 million as of August 31, 2000. Revenues, expenses and changes in net assets would be increased by approximately \$4.2 million, \$3.7 million and \$0.5 million, respectively, for the year then ended. As of August 31, 1999, total assets and total liabilities would be increased by approximately \$3.3 million and \$2.2 million, respectively, and net assets would increase by approximately \$1.1 million. Revenues, expenses and changes in net assets would be increased by approximately \$10.7 million, \$10.1 million and \$0.6 million, respectively, for the year then ended.

To the Board of Directors
Michigan Education Association - NEA

October 31, 2000

In our opinion, except for the effects of not consolidating majority-owned subsidiaries, as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Michigan Education Association - NEA as of August 31, 2000 and 1999, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Mann, Costanza & Ellis P.C.

Certified Public Accountants

	Totals all funds		2000					
	2000	1999	General fund	Building and site fund	Crisis assistance program fund	MEA-RETIRED fund (Note 8)	Image/Crisis fund	Other funds (Note 12)
LIABILITIES AND NET ASSETS								
Accounts payable	\$ 1,124,082	\$ 2,936,290	\$ 1,051,914	\$ 70,612	\$	\$ 306	\$ 1,250	\$
Due to affiliated organizations (Note 11)	1,398,416	911,429	1,398,416					
Accruals:		597,241						
Payroll and related taxes								
Compensated absences	1,914,000	1,816,000	1,914,000				139,237	
Deferred revenue	276,995	153,689	137,758					
Capital leases payable (Note 7)	703,885	532,803		703,885				
Deferred compensation obligations	4,335,621	4,461,833	4,335,621					
Pension liability (Note 10)	5,106,022	2,874,643	5,106,022					
TOTAL LIABILITIES	14,859,021	14,283,928	13,943,731	774,497		139,543	1,250	
NET ASSETS:								
Unrestricted:								
Appropriated reserve	2,059,604	2,015,072	2,059,604					
Unappropriated	12,992,901	11,645,431	12,992,901					595,123
Designated	18,064,903	16,458,978	1,753,412	5,704,048	7,248,354	1,512,000	1,251,966	595,123
	33,117,408	30,119,481	16,805,917	5,704,048	7,248,354	1,512,000	1,251,966	595,123
Temporarily restricted	146,221	141,930						146,221
Permanently restricted	49,987	41,394						49,987
TOTAL NET ASSETS	33,313,616	30,302,805	16,805,917	5,704,048	7,248,354	1,512,000	1,251,966	791,331
TOTAL LIABILITIES AND NET ASSETS	\$ 48,172,637	\$ 44,586,733	\$ 30,749,648	\$ 6,478,545	\$ 7,248,354	\$ 1,651,543	\$ 1,253,216	\$ 791,331

See notes to financial statements.

**MICHIGAN EDUCATION ASSOCIATION - NEA
STATEMENTS OF ACTIVITIES
YEARS ENDED AUGUST 31, 2000 AND 1999**

	Totals all funds		2000							
			General fund		Favorable (unfavorable) variance	Building and site fund	Crisis assistance program fund	MEA-RETIRED fund (Note 8)	Image/Crisis fund	Other funds (Note 12)
	2000	1999	Budget	Actual						
UNRESTRICTED NET ASSETS:										
Unrestricted revenues and gains:										
Membership dues	\$ 48,018,789	\$ 46,766,583	\$ 46,448,000	\$ 47,075,060	\$ 627,060	\$ 846,943	\$	\$ 96,379	\$ 407	\$
NEA	4,421,850	4,569,522	4,175,000	4,421,850	246,850					
Services	4,702,306	2,857,223	5,389,875	4,580,894	(808,981)	121,412				
Interest and other income	2,127,356	2,090,282	683,100	990,062	306,962	98,222	711,100	164,944	67,650	95,378
	<u>59,270,301</u>	<u>56,283,610</u>	<u>56,695,975</u>	<u>57,067,866</u>	<u>371,891</u>	<u>1,066,577</u>	<u>711,100</u>	<u>261,323</u>	<u>68,057</u>	<u>95,378</u>
Net assets released from restrictions		<u>4,253</u>								
	<u>59,270,301</u>	<u>56,287,863</u>	<u>56,695,975</u>	<u>57,067,866</u>	<u>371,891</u>	<u>1,066,577</u>	<u>711,100</u>	<u>261,323</u>	<u>68,057</u>	<u>95,378</u>
Expenses:										
Program development and support	20,208,828	9,175,590	21,616,304	20,208,828	1,407,476					
Uniserv	31,434,569	30,350,771	32,271,996	31,434,569	837,427					
Program services	2,603,290	6,283,388	2,807,675	2,603,290	204,385					
MEA-RETIRED	146,079	102,388						146,079		
Image/Crisis	159,471	2,103,042							159,471	
Administration and general		5,694,242								
Building and site	1,687,019	1,070,556				1,687,019				
Other	33,118	25,837								33,118
Total expenses	<u>56,272,374</u>	<u>54,805,814</u>	<u>56,695,975</u>	<u>54,246,687</u>	<u>2,449,288</u>	<u>1,687,019</u>		<u>146,079</u>	<u>159,471</u>	<u>33,118</u>
CHANGE IN UNRESTRICTED NET ASSETS	<u>2,997,927</u>	<u>1,482,049</u>		<u>2,821,179</u>	<u>2,821,179</u>	<u>(620,442)</u>	<u>711,100</u>	<u>115,244</u>	<u>(91,414)</u>	<u>62,260</u>

	2000									
	Totals all funds		General fund			Building and site fund	Crisis assistance program fund	MEA-RETIRED fund (Note 8)	Image/Crisis fund	Other funds (Note 12)
	2000	1999	Budget	Actual	Favorable (unfavorable) variance					
TEMPORARILY RESTRICTED NET ASSETS:										
Interest and other income	\$ 4,291	\$ 5,078	\$	\$	\$	\$	\$	\$	\$	\$ 4,291
Net assets released from restrictions		(4,253)								
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	4,291	825								4,291
PERMANENTLY RESTRICTED NET ASSETS:										
Member contributions	8,593	13,686								8,593
CHANGE IN NET ASSETS - INCREASE (DECREASE)	<u>\$ 3,010,811</u>	<u>\$ 1,496,560</u>	<u>\$</u>	<u>\$ 2,821,179</u>	<u>\$ 2,821,179</u>	<u>\$ (620,442)</u>	<u>\$ 711,100</u>	<u>\$ 115,244</u>	<u>\$ (91,414)</u>	<u>\$ 75,144</u>

MICHIGAN EDUCATION ASSOCIATION - NEA
STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED AUGUST 31, 2000 AND 1999

	Totals all funds	General fund			Building and site fund	Crisis assistance program fund	MEA-RETIRED fund (Note 8)	Image/Crisis fund	Other funds (Note 12)
		Appropriated reserve	Unappropriated	Total					
NET ASSETS, September 1, 1998									
Unrestricted net assets	\$20,823,280	\$ 1,932,876	\$ 998,145	\$ 2,931,021	\$ 6,590,023	\$ 6,188,463	\$ 1,282,500	\$ 3,329,516	\$ 501,757
Temporarily restricted net assets	141,105								141,105
Permanently restricted net assets	27,708								27,708
	<u>20,992,093</u>	<u>1,932,876</u>	<u>998,145</u>	<u>2,931,021</u>	<u>6,590,023</u>	<u>6,188,463</u>	<u>1,282,500</u>	<u>3,329,516</u>	<u>670,570</u>
ADDITIONS (DEDUCTIONS):									
Unrestricted net assets:									
Change in net assets	1,482,049		2,749,252	2,749,252	(131,894)	705,465	114,256	(1,986,136)	31,106
Adjust excess of additional pension liability over unrecognized prior service cost (Note 10)	7,814,152		7,814,152	7,814,152					
Equity transfers		82,196	83,882	166,078		(166,078)			
	<u>9,296,201</u>	<u>82,196</u>	<u>10,647,286</u>	<u>10,729,482</u>	<u>(131,894)</u>	<u>539,387</u>	<u>114,256</u>	<u>(1,986,136)</u>	<u>31,106</u>
Temporarily restricted net assets									
Change in net assets	<u>825</u>								<u>825</u>
Permanently restricted net assets									
Change in net assets	<u>13,686</u>								<u>13,686</u>
NET ASSETS, August 31, 1999									
Unrestricted net assets	30,119,481	2,015,072	11,645,431	13,660,503	6,458,129	6,727,850	1,396,756	1,343,380	532,863
Temporarily restricted net assets	141,930								141,930
Permanently restricted net assets	41,394								41,394
	<u>30,302,805</u>	<u>2,015,072</u>	<u>11,645,431</u>	<u>13,660,503</u>	<u>6,458,129</u>	<u>6,727,850</u>	<u>1,396,756</u>	<u>1,343,380</u>	<u>716,187</u>

	Totals all funds	General fund			Building and site fund	Crisis assistance program fund	MEA-RETIRED fund (Note 8)	Image/Crisis fund	Other funds (Note 12)
		Appropriated reserve	Unappropriated	Total					
ADDITIONS (DEDUCTIONS):									
Unrestricted net assets:									
Change in net assets	\$ 2,997,927	\$	\$ 2,821,179	\$ 2,821,179	\$ (620,442)	\$ 711,100	\$ 115,244	\$ (91,414)	\$ 62,260
Equity transfers		44,532	279,703	324,235	(133,639)	(190,596)			
	<u>2,997,927</u>	<u>44,532</u>	<u>3,100,882</u>	<u>3,145,414</u>	<u>(754,081)</u>	<u>520,504</u>	<u>115,244</u>	<u>(91,414)</u>	<u>62,260</u>
Temporarily restricted net assets									
Change in net assets	<u>4,291</u>								<u>4,291</u>
Permanently restricted net assets									
Change in net assets	<u>8,593</u>								<u>8,593</u>
NET ASSETS, August 31, 2000									
Unrestricted net assets	33,117,408	2,059,604	14,746,313	16,805,917	5,704,048	7,248,354	1,512,000	1,251,966	595,123
Temporarily restricted net assets	146,221								146,221
Permanently restricted net assets	<u>49,987</u>								<u>49,987</u>
	<u>\$33,313,616</u>	<u>\$ 2,059,604</u>	<u>\$ 14,746,313</u>	<u>\$16,805,917</u>	<u>\$ 5,704,048</u>	<u>\$ 7,248,354</u>	<u>\$ 1,512,000</u>	<u>\$ 1,251,966</u>	<u>\$ 791,331</u>

See notes to financial statements.

MICHIGAN EDUCATION ASSOCIATION - NEA
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2000 AND 1999

	2000	1999
Cash flows from operating activities:		
Change in net assets	\$ 3,010,811	\$ 1,496,560
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	983,840	771,196
Net (appreciation) depreciation in fair value of investments	(413,617)	(226,060)
(Gain) loss on disposal of equipment	(6,291)	440
(Increase) decrease in operating assets:		
Membership dues receivable	(65,540)	(128,465)
NEA receivable	51,676	7,999
Due from affiliated organizations	1,573,215	(1,353,515)
Accrued interest and other	(75,780)	(138,670)
Prepaid expenses	(142,325)	131,015
Deferred compensation deposits	126,212	2,865,055
Prepaid retiree health benefits	(7,397,370)	(379,840)
Increase (decrease) in operating liabilities:		
Accounts payable	(1,812,208)	1,928,021
Due to affiliated organizations	486,987	(610,743)
Accrued payroll and related taxes	(597,241)	219,728
Accrued compensated absences	98,000	(316,000)
Deferred revenue	123,306	39,299
Deferred compensation	(126,212)	(305,374)
Pension liability	2,231,379	3,319,539
Net cash provided (used) by operating activities	(1,951,158)	7,320,185
Cash flows from investing activities:		
Purchases of investments	(2,698,794)	(3,142,654)
Sales/redemptions of investments	2,382,450	1,901,024
Purchase of equipment	(589,213)	(636,582)
Proceeds from sale of property and equipment	133,639	9,277
Net cash used by investing activities	(771,918)	(1,868,935)
Cash flows from financing activities:		
Payments on capital leases	(109,641)	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,832,717)	5,451,250
CASH AND CASH EQUIVALENTS:		
Beginning of year	18,637,276	13,186,026
End of year	\$ 15,804,559	\$ 18,637,276
SUPPLEMENTAL DISCLOSURE:		
Interest paid	\$ 88,526	\$ 1,082
NONCASH INVESTING AND FINANCING ACTIVITIES:		
Equipment acquired from Michigan Education Data Network Association	\$ 280,723	\$ 646,728
Leases assumed from Michigan Education Data Network Association	\$ 280,723	\$ 532,803

See notes to financial statements.

**MICHIGAN EDUCATION ASSOCIATION - NEA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting - The Michigan Education Association - NEA (MEA or Association) maintains its accounting records on the accrual basis of accounting. The Association classifies resources and activities into self-balancing funds for accounting and reporting purposes.

Cash and cash equivalents - For purposes of reporting cash flows, the Association considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Investments - Investments are stated at fair value based on quoted market prices when available. In general, bonds are recorded at estimated fair value based on yields currently available on comparable securities of issuers with similar credit ratings. Realized and unrealized gains or losses are included in the Statement of Activities.

Accounts receivable - Based on the Association's experience and analysis of year-end balances, no allowance for doubtful accounts is considered necessary.

Deferred compensation - Amounts payable to participating employees under the Association's deferred compensation plan are recorded currently. Assets have been segregated to meet the Association's obligation.

Investment in subsidiaries - The Association owns 100% of the outstanding stock of Michigan Education Data Network Association, Inc. (MEDNA) and MEA Financial Services, Inc. (Financial Services) which are accounted for by the cost method. Under this method MEA records its investment in the stock of the subsidiaries at cost, and recognizes dividends received as income. (No dividends have been declared by the subsidiaries.)

Property, equipment and depreciation - The Association's policy is to capitalize assets with useful lives of more than one year and costs greater than \$1,000 per item. Assets are stated at cost and depreciated over the estimated useful lives on the straight-line method. Rental land is recorded at cost.

Dues - MEA's dues year corresponds with the fiscal year. The Association also collects dues in an agency capacity on behalf of the National Education Association that are credited directly to a liability.

Compensated absences - The Association records the actuarial present value of the liability for vested vacation and sick pay when it is earned.

MEDNA and Financial Services have not been audited because their activities would tend to obscure the financial picture and activities of the primary reporting entity. See Note 2 for additional financial information of MEDNA and Financial Services.

MEDNA is excluded from the financial statements because it does not meet the professional business enterprise for consolidation pursuant to the AICPA Statement of Position 94-3.

**MICHIGAN EDUCATION ASSOCIATION - NEA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

Retirement - The Association has a qualified defined benefit pension plan covering substantially all employees. The funding policy provides for payments to the Trust based on ERISA funding requirements. The Association also has a nonqualified defined benefit pension plan, the Benefits Restoration Plan (BRP), that covers employees whose benefits calculated under the formula specified in the qualified plan would exceed statutory limitations. A third retirement plan is a 401(k) arrangement under which employees may elect to defer a portion of their salary to be contributed to the plan. The Association makes no matching or other contribution to this plan.

Postretirement benefits other than pensions - Health insurance and similar benefits provided to retirees who meet certain eligibility requirements are accounted for each year as the employees earn the benefits.

Estimates - The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Appropriated reserve - By action of the Representative Assembly, an appropriated reserve of the general fund is to be established in an amount equal to at least 4% of the annual general fund budgeted expenses for the previous fiscal year. Appropriations from the reserve may be made by a two-thirds vote of the Board of Directors.

Designated funds - Revenues designated by the Representative Assembly, constitution or by the Board of Directors for specific purposes (other than general operations) and the related expenditures are recorded in the appropriate designated fund.

NOTE 2 - NATURE OF ORGANIZATION, RISKS AND UNCERTAINTIES

The MEA is a labor union with members throughout Michigan. Entities affiliated with MEA through common control include Michigan Education Special Services Association (MESSA), MEA Financial Services, Inc. (Financial Services), Michigan Education Data Network Association, Inc. (MEDNA), Michigan Education Association Scholarship Fund (Scholarship Fund), Citizens for Education and Michigan Education Association Political Action Council (MEA PAC) (collectively, the MEA Group).

MEA has not consolidated any of these affiliated entities, except Scholarship Fund, in the accompanying financial statements.

MEDNA and Financial Services have not been consolidated because their inclusion would tend to obscure the financial position and activities of the primary reporting entity (MEA). See Note 5 for relevant financial information of MEDNA and Financial Services.

MESSA is excluded from the financial statements because it does not meet the economic interest requirement for consolidation pursuant to the AICPA Statement of Position 94-3.

MICHIGAN EDUCATION ASSOCIATION - NEA
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - NATURE OF ORGANIZATION, RISKS AND UNCERTAINTIES (Concluded)

MEA PAC and Citizens for Education are excluded from the financial statements on the basis of immateriality.

The Scholarship Fund is included in Other Funds.

Approximately 81% of the Association's revenues are derived from membership dues and non-member agency fees.

Collective bargaining agreements cover approximately 85% of the Association's payroll. These agreements expire in 2003-2004.

As of September 1, 1999, upon the dissolution of MEDNA, certain employees of MEDNA together with their related payroll, compensated absences, pension, postretirement and deferred compensation obligations and assets, were transferred to MEA. Further, MEA has assumed certain operational functions previously performed by MEDNA for the MEA Group.

Financial instruments that potentially subject the Association to concentrations of credit risk consist principally of cash, money market funds, bonds, mutual funds and receivables. The Association deposits its cash with high-credit-quality financial institutions. Such cash balances may exceed the federally insured limits at certain times during the year. Bonds and mutual fund investments comprise many publicly offered securities. The Association's accounts receivable are primarily with affiliated local associations of educators and education support personnel. In the opinion of management these financial instruments are subject to minimal credit risk.

See also Note 4 regarding deferred compensation deposits.

A brief description of the Association's program activities follows:

Program Development and Support

This program supports membership governance activities, communications expenses (The MEA "Voice" production), membership database maintenance, legislative, finance, legal and information technology expenses and costs of the production and mail room activities.

Uniserv

This program supports various aspects of contract bargaining and maintenance, including grievance and arbitration activities, research and MEA field operations.

Program Services

This program supports a multitude of professional development activities for members including the Center for Revitalization of Urban Education (CRUE).

**MICHIGAN EDUCATION ASSOCIATION - NEA
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - NATURE OF ORGANIZATION, RISKS AND UNCERTAINTIES (Concluded)

Crisis Assistance

This program provides direct financial assistance to teachers and educational support personnel if employment is unavailable due to a concerted act of the employer or employees.

MEA-RETIRED

This program supports the activities of its members who are primarily retired education personnel including civic and educational activities.

Image/Crisis

This program supports the MEA's efforts to educate the general public about the positive current activities going on in Michigan's public schools and defend against legislation that would be detrimental to public education and public education employees.

Other

The Emergency, Retirement Defense and Scholarship Funds are combined in this program line. The Emergency Fund provides expanded borrowing power for members or Local units who face financial difficulty related to potential or actual negotiations impasses. The Retirement Defense Fund provides funds for retirement research activities (i.e., actuarial information) to support retirement issues as they relate to the membership. The Scholarship Fund awards scholarships to students across Michigan for post K-12 education at a public educational institution in Michigan. The Fund's Declaration of Charitable Trust provides that all expenses, including scholarship grants, are to be paid solely from income of the Trust's assets. Trust principal arising from member contributions received is to be retained intact.

NOTE 3 - CASH AND INVESTMENTS

	2000	1999
Cash and cash equivalents, checking and money market accounts:		
General	\$ 12,101,879	\$ 14,501,414
Building and site	1,353,736	1,713,357
Crisis Assistance Program	808,363	742,137
MEA-RETIRED	122,849	150,139
Image/crisis	1,253,611	1,348,044
Scholarship	30,300	54,205
Retirement defense	88,453	85,606
Emergency	45,368	42,374
Total cash and cash equivalents	<u>\$ 15,804,559</u>	<u>\$ 18,637,276</u>

**MICHIGAN EDUCATION ASSOCIATION - NEA
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 - CASH AND INVESTMENTS (Continued)

	2000		1999	
	Cost	Fair value	Cost	Fair value
Investments:				
Crisis Assistance Program:				
Corporate bonds	\$ 4,206,402	\$ 4,113,662	\$ 4,137,981	\$ 4,031,609
Stock mutual funds	<u>1,857,954</u>	<u>2,460,301</u>	<u>1,660,163</u>	<u>2,065,760</u>
	6,064,356	6,573,963	5,798,144	6,097,369
MEA-RETIRED:				
Stock mutual funds	<u>1,407,109</u>	<u>1,531,602</u>	<u>1,403,542</u>	<u>1,371,860</u>
	7,471,465	8,105,565	7,201,686	7,469,229
Scholarship fund				
Stock mutual funds	<u>556,482</u>	<u>613,369</u>	<u>509,917</u>	<u>519,744</u>
Total investments	<u>\$ 8,027,947</u>	<u>\$ 8,718,934</u>	<u>\$ 7,711,603</u>	<u>\$ 7,988,973</u>
Unrealized gains		<u>\$ 690,987</u>		<u>\$ 277,370</u>

Cash and investments in the scholarship fund in the amount of \$49,987 are permanently restricted/designated from current use. The general fund's cash includes \$2,059,604 that has been designated for the appropriated reserve. The Association's bylaws require the approval of two-thirds of the Board of Directors before the appropriated reserve may be released for current use. Another \$1,753,412 has been designated for a budget stabilization reserve. This reserve may be released by a majority vote of the Board of Directors.

Income from cash deposits and investments:

	2000	1999
Interest and dividends	\$ 1,699,103	\$ 1,554,068
Realized gains (losses)	(98,966)	108,434
Increase in unrealized gains	<u>413,617</u>	<u>226,060</u>
Total - included in interest and other income	<u>\$ 2,013,754</u>	<u>\$ 1,888,562</u>

**MICHIGAN EDUCATION ASSOCIATION - NEA
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 - DEFERRED COMPENSATION DEPOSITS

The Association has deferred compensation deposits with the following companies as of August 31:

	2000	1999
Prudential Insurance Company	\$ 4,335,621	\$ 560,141
National City Bank		3,901,692
	\$ 4,335,621	\$ 4,461,833

NOTE 5 - INVESTMENT IN SUBSIDIARIES

Investment in subsidiaries consists of:

	2000	1999
Financial Services:		
Original investment	\$ 215,240	\$ 215,240
Loss recognized in 1976	(215,140)	(215,140)
Carrying value	100	100
MEDNA	100	100
	\$ 200	\$ 200

The Association reports its investment in its wholly owned subsidiaries on the cost method.

Generally accepted accounting principles require all wholly owned subsidiaries to be consolidated. In arriving at the decision not to consolidate its subsidiaries, the Executive Committee and management concluded that since the primary users of the statements are the Board of Directors, management and members, consolidation of the subsidiaries' statements would tend to obscure the financial position and activities of the primary reporting entity, MEA. Inclusion of the following condensed financial information of the subsidiaries as of and for the years ended August 31, 2000 and 1999 permits users of these statements to be fully informed.

**MICHIGAN EDUCATION ASSOCIATION - NEA
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - INVESTMENT IN SUBSIDIARIES (Continued)

Financial Services (including consolidation of Paradigm)

	<u>Balance Sheet</u>	<u>2000</u>	<u>1999</u>
Current assets		\$ 2,731,878	\$ 2,503,563
Property and equipment, less accumulated depreciation		127,327	140,169
Deferred compensation deposits		414,337	399,656
Non-current deferred taxes		170,000	272,000
Non-current retirement assets		129,620	
		<u>\$ 3,573,162</u>	<u>\$ 3,315,388</u>
Current liabilities			
Deferred compensation obligations			
Current liabilities		\$ 1,170,827	\$ 1,000,799
Long-term debt		155,138	185,905
Deferred compensation obligations		414,337	399,656
Non-current retirement liabilities		263,251	642,550
Stockholder's equity		1,569,609	1,086,478
		<u>\$ 3,573,162</u>	<u>\$ 3,315,388</u>
<u>Operations</u>			
Operating income		\$ 5,172,607	\$ 5,532,615
Operating expenses		(4,492,507)	(4,633,403)
Other income - net		94,051	42,297
Income tax expense		(264,944)	(319,296)
Net income		<u>\$ 509,207</u>	<u>\$ 622,213</u>

**MICHIGAN EDUCATION ASSOCIATION - NEA
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - INVESTMENT IN SUBSIDIARIES (Continued)

MEDNA

<u>Statement of Net Assets in Dissolution</u>	2000 (unaudited)	1999
Current assets	\$ 135,730	\$ 21,381
Deferred compensation deposits	144,733	151,391
Non-current retirement assets	<u>700,000</u>	<u>2,202,307</u>
	<u>\$ 980,463</u>	<u>\$ 2,375,079</u>
Current liabilities	\$ 112,481	\$ 1,271,793
Deferred compensation obligations	144,733	151,391
Non-current retirement liabilities	697,953	935,468
Stockholder's equity	<u>25,296</u>	<u>16,427</u>
	<u>\$ 980,463</u>	<u>\$ 2,375,079</u>

Operations

Service income	\$	\$ 10,868,721
Operating expenses		(11,405,237)
Other income - net	13,438	491,516
Income tax benefit (expense)	<u>(4,569)</u>	<u>45,000</u>
Net income	<u>\$ 8,869</u>	<u>\$ 0</u>

If Financial Services and MEDNA were consolidated, MEA's financial statements would be affected as follows:

	<u>MEA</u>	<u>Financial Services</u>	<u>MEDNA</u>	<u>Eliminations</u>	<u>Consolidated</u>	<u>Increase (decrease)</u>
Total assets	\$ 48,172,637	\$ 3,573,162	\$ 980,463	\$ (552,988)	\$ 52,173,274	\$ 4,000,637
Total liabilities	\$ 14,859,021	\$ 2,003,553	\$ 955,167	\$ (552,788)	\$ 17,264,953	\$ 2,405,932
Net assets/equity	<u>33,313,616</u>	<u>1,569,609</u>	<u>25,296</u>	<u>(200)</u>	<u>34,908,321</u>	<u>1,594,705</u>
	<u>\$ 48,172,637</u>	<u>\$ 3,573,162</u>	<u>\$ 980,463</u>	<u>\$ (552,988)</u>	<u>\$ 52,173,274</u>	<u>\$ 4,000,637</u>
Revenue	\$ 59,283,185	\$ 5,266,658	\$ 13,438	\$ (1,097,621)	\$ 63,465,660	\$ 4,182,475
Expenses	<u>(56,272,374)</u>	<u>(4,757,451)</u>	<u>(4,569)</u>	<u>1,097,621</u>	<u>(59,936,773)</u>	<u>3,664,399</u>
Changes in net assets	<u>\$ 3,010,811</u>	<u>\$ 509,207</u>	<u>\$ 8,869</u>	<u>\$</u>	<u>\$ 3,528,887</u>	<u>\$ 518,076</u>

**MICHIGAN EDUCATION ASSOCIATION - NEA
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - PROPERTY AND EQUIPMENT

Major classes of property and equipment consist of the following:

	<u>2000</u>	<u>1999</u>
Land and improvements	\$ 474,484	\$ 435,684
Building and improvements	4,985,717	5,093,478
Equipment	<u>6,278,639</u>	<u>6,630,643</u>
	11,738,840	12,159,805
Less accumulated depreciation	<u>6,805,445</u>	<u>6,985,158</u>
Net property and equipment	<u>\$ 4,933,395</u>	<u>\$ 5,174,647</u>
Depreciation for the year	<u>\$ 983,840</u>	<u>\$ 771,196</u>

Included above is equipment acquired under the terms of capital leases at a cost of \$741,775 and \$461,052 and accumulated depreciation of \$133,457 and \$0 as of August 31, 2000 and 1999, respectively.

NOTE 7 - CAPITAL LEASES

MEA assumed capital leases for equipment acquired from MEDNA. Under the terms of the leases, the Association makes aggregate monthly payments of approximately \$17,000 through March 2005.

Future minimum lease payments and present value of the minimum lease payments are as follows:

<u>Year ending August 31,</u>	
2001	\$ 204,947
2002	204,947
2003	204,984
2004	220,178
2005	<u>39,539</u>
Total minimum lease payments, including purchase options	874,595
Less amount representing interest at 10.4% - 16.6%	<u>170,710</u>
Present value of minimum lease payments	<u>\$ 703,885</u>

**MICHIGAN EDUCATION ASSOCIATION - NEA
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - MEA-RETIRED

MEA-RETIRED is treated as a quasi-endowment fund. Accordingly, amounts paid by members are invested and only the income is used for current operations.

Net assets at August 31 consist of:

	2000	1999
Lifetime dues paid by members:		
Current year - \$96,379 in 2000 and \$55,385 in 1999	\$	\$
Cumulative	1,462,554	1,366,175
Unexpended surplus (deficiency)	(75,047)	62,263
Unrealized gain (loss) on investments	124,493	(31,682)
Net assets	\$ 1,512,000	\$ 1,396,756

NOTE 9 - INCOME TAX STATUS

The Association is exempt from federal income tax under provisions of Section 501(c)(5) of the Internal Revenue Code (Section 501(c)(3) for the Scholarship Fund) except for "unrelated business income." The Association had no taxable income and, accordingly, no provision for income taxes is required in the financial statements.

NOTE 10 - PENSION AND OTHER POSTRETIREMENT BENEFITS

The Association participates in the Staff Retirement Plan (Staff Plan), a qualified defined-benefit pension plan that covers substantially all employees of MEA and its affiliates. Benefits are based on years of service and the average of the three highest years' compensation during the last ten years of employment. The Association's funding policy is to contribute annually the amount, as calculated by an actuary, necessary to meet the funding requirements of the Employee Retirement Income Security Act of 1974. Contributions are intended to provide not only for benefits attributed to service to date but also for those expected to be earned in the future.

The MEA also sponsors an unfunded, nonqualified, defined-benefit retirement plan designated as the Benefits Restoration Plan (BRP). It covers participants of the Staff Plan who accrue benefits in excess of statutory limitations prescribed by the Internal Revenue Code. Participants are vested in their benefit after completing five years of service, or when they become vested under the Staff Plan, if earlier. The BRP's prior service costs are being amortized over a seven-year period.

The Association participates in the Retiree Health Benefit Plan which provides certain health, dental, vision and life insurance benefits. Substantially all Association employees can become eligible for these benefits if they reach normal retirement age while working for the Association and have met service requirements. The benefits are provided through insurance contracts.

**MICHIGAN EDUCATION ASSOCIATION - NEA
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 - PENSION AND OTHER POSTRETIREMENT BENEFITS (Concluded)

The following table sets forth the financial statement disclosures for the years ended August 31.

	Pension Benefits						Other Postretirement Benefits	
	2000			1999			2000	1999
	Staff Plan	BRP	Total	Staff Plan	BRP	Total		
Benefit obligations at August 31	\$130,362,306	\$281,328	\$130,643,634	\$111,856,733	\$171,267	\$112,028,000	\$32,342,706	\$24,312,422
Fair value of plan assets at August 31, primarily U.S. stocks and bonds and government securities	142,419,482		142,419,482	105,380,138		105,380,138	31,078,315	15,404,254
Funded status - excess assets (obligations)	\$ 12,057,176	\$(281,328)	\$ 11,775,848	\$ (6,476,595)	\$(171,267)	\$(6,647,862)	\$ (1,264,391)	\$(8,908,168)
Amounts recognized in the balance sheet:								
Prepaid benefit cost		\$			\$		\$10,748,353	\$ 3,350,983
Accrued benefit liability			5,106,022			2,874,643		
Equity effect of minimum liability:								
Current						(7,814,152)		
Other disclosures:								
Benefit cost			3,385,076			3,437,157	3,033,858	3,445,000
Employer contributions			44,815			125,319	8,911,899	3,828,904
Benefits paid			5,053,390			4,225,748	1,286,720	909,955
Weighted average assumptions as of August 31:								
Discount rate of return			7.75%			7.75%	7.75%	7.75%
Expected rate on assets			9.00%			9.00%	9.00%	9.00%
Rate of compensation increase			*			*	*	*

* Future compensation increases based on years of service: 7.5% to 2.5% for 1999 to 2000; and 8.0% to 3.0% for years after 2000.

For measurement purposes a 9% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2000. The rate was assumed to decrease gradually to 5% for 2008 and remain at that level thereafter.

Defined Contribution Plan

In addition to the defined-benefit plans described above, the Association participates with its subsidiaries in a qualified 401(k) employee savings plan. The employer makes no contributions to this plan.

**MICHIGAN EDUCATION ASSOCIATION - NEA
NOTES TO FINANCIAL STATEMENTS**

NOTE 11 - RELATED PARTY TRANSACTIONS

Transactions with MESSA

Lease

MESSA leases land from the MEA under terms of a lease which expires March 31, 2074. During the first five years required annual lease payments were \$20,000. For each five-year period thereafter, (beginning on April 1, 1980), the \$20,000 annual rental amount is adjusted by changes in the Consumer Price Index. However, any upward or downward rental adjustment is limited to a maximum of ten percent of the annual rental paid during the previous five-year period. Rental income was approximately \$38,000 and \$32,000 for 2000 and 1999, respectively.

Shared Services

Commencing in the year ended August 31, 2000, MEA provided financial and accounting, personnel and labor relations, and mailroom and document production services to MESSA on a cost reimbursement basis. Payments to MEA for these services were approximately \$1,332,000 for the year.

MESSA provided information technology, building and grounds maintenance, and telephone services to MEA. Reimbursements to MESSA totaled approximately \$1,864,000 for the year ended August 31, 2000.

Other Services

MEA has entered into an agreement with MESSA which provides that MEA will furnish marketing and consulting services to MESSA on a cost reimbursement basis. Billings to MESSA for all such services amounted to approximately \$2,279,000 in 2000 and \$2,195,000 in 1999.

Employee Insurance

MEA purchases employee group health insurance from MESSA. Total payments amounted to approximately \$3,225,000 in 2000 and \$2,614,000 in 1999.

MICHIGAN EDUCATION ASSOCIATION - NEA
NOTES TO FINANCIAL STATEMENTS

NOTE 11 - RELATED PARTY TRANSACTIONS (Continued)

Transactions with Financial Services

Shared Services

Commencing in the year ended August 31, 2000, MEA provided financial and accounting, personnel and labor relations, and mailroom and document production services to Financial Services on a cost reimbursement basis. Payments to MEA for these services were approximately \$256,000 for the year.

Other Services

Financial Services paid a service fee of \$179,000 in 2000 and \$173,000 in 1999 for marketing services (similar to those for MESSA referred to above) rendered by MEA. In addition, MEA received approximately \$357,000 in 2000 and \$193,000 in 1999 for direct cost reimbursements from Financial Services.

MEA paid premiums on insurance policies of approximately \$215,000 and \$224,000 in 2000 and 1999, respectively, for coverages through Financial Services as agent.

MEA Financial Services rents office space provided by MEA. Total rent paid was approximately \$91,000 and \$89,000 in 2000 and 1999, respectively.

Transactions with MEDNA

Prior to September 1, 1999, MEA had an agreement with MEDNA whereby MEDNA provided data processing, labor relations, personnel, accounting, building and grounds maintenance, and production services. MEA was charged approximately \$4,767,000 in 1999 for these services.

MEDNA rented office space from MEA for which it paid approximately \$80,000 in 1999.

MEDNA paid MEA interest at 1/2% above its bank's base lending rate (8.5%) on unreimbursed payroll balances outstanding 60 days or more. Interest under this arrangement was approximately \$76,000 in 1999.

In connection with the dissolution of MEDNA, MEA acquired certain equipment at its appraised value of \$185,676. MEA also acquired leased equipment with a book value of \$741,775 and assumed related lease obligations of \$813,526.

Common Paymaster

MEA provides payroll and related services to its affiliated companies under a common paymaster arrangement.

**MICHIGAN EDUCATION ASSOCIATION - NEA
NOTES TO FINANCIAL STATEMENTS**

NOTE 11 - RELATED PARTY TRANSACTIONS (Concluded)

Transactions with
Other Affiliated Organizations

The Association performs administrative and accounting services for certain affiliated organizations, primarily MEA PAC and Citizens for Education without charge.

	<u>2000</u>	<u>1999</u>
<u>Amounts due from/to affiliated organizations</u>		
Due from:		
Financial Services	\$ 552,788	\$ 11,548
MESSA	58,868	
NEA	257,860	
MEDNA		2,539,886
Other affiliates	<u>229,398</u>	<u>120,695</u>
	<u>\$ 1,098,914</u>	<u>\$ 2,672,129</u>
Due to:		
MESSA	\$	\$ 558,895
Financial Services		46,378
NEA	1,242,824	2,728
MEDNA		113,924
Other affiliates	<u>155,592</u>	<u>189,504</u>
	<u>\$ 1,398,416</u>	<u>\$ 911,429</u>
<u>UNRESTRICTED NET ASSETS:</u>		
Investment income		
Program services		
Fundraising		
Management and general		
Total expenses		
Change in unrestricted net assets		
<u>TEMPORARILY RESTRICTED NET ASSETS:</u>		
Investment income		
<u>PERMANENTLY RESTRICTED NET ASSETS:</u>		
Member contributions		
Total changes in net assets		

**MICHIGAN EDUCATION ASSOCIATION - NEA
NOTES TO FINANCIAL STATEMENTS**

NOTE 12 - COMBINATION OF OTHER FUNDS

<u>Financial Position</u>	<u>Total</u>	<u>Retirement Defense Fund</u>	<u>Emergency Fund</u>	<u>Scholarship Fund</u>
Assets:				
Cash and cash equivalents	\$ 164,121	\$ 88,453	\$ 45,368	\$ 30,300
Investments	613,369			613,369
Account receivable - affiliated organizations	12,400		12,400	
Due from other funds	1,441			1,441
	<u>\$ 791,331</u>	<u>\$ 88,453</u>	<u>\$ 57,768</u>	<u>\$ 645,110</u>
Net assets:				
Unrestricted	\$ 595,123	\$	\$	\$ 595,123
Temporarily restricted	146,221	88,453	57,768	
Permanently restricted	49,987			49,987
	<u>\$ 791,331</u>	<u>\$ 88,453</u>	<u>\$ 57,768</u>	<u>\$ 645,110</u>
<u>Activities</u>				
UNRESTRICTED NET ASSETS:				
Unrestricted revenues and gains:				
Investment income	\$ 95,378			\$ 95,378
Program services	22,000			22,000
Fundraising	1,702			1,702
Management and general	9,416			9,416
Total expenses	<u>33,118</u>			<u>33,118</u>
Change in unrestricted net assets	<u>62,260</u>			<u>62,260</u>
TEMPORARILY RESTRICTED NET ASSETS:				
Investment income	<u>4,291</u>	<u>2,847</u>	<u>1,444</u>	
PERMANENTLY RESTRICTED NET ASSETS:				
Member contributions	<u>8,593</u>			<u>8,593</u>
Total changes in net assets	<u>\$ 75,144</u>	<u>\$ 2,847</u>	<u>\$ 1,444</u>	<u>\$ 70,853</u>

**MICHIGAN EDUCATION ASSOCIATION - NEA
NOTES TO FINANCIAL STATEMENTS**

NOTE 12 - COMBINATION OF OTHER FUNDS (Continued)

<u>Change in Net Assets</u>	<u>Total</u>	<u>Retirement Defense Fund</u>	<u>Emergency Fund</u>	<u>Scholarship Fund</u>
NET ASSETS, September 1, 1998				
Unrestricted net assets	\$ 501,757	\$	\$	\$ 501,757
Temporarily restricted net assets	141,105	86,638	54,467	
Permanently restricted net assets	<u>27,708</u>			<u>27,708</u>
	<u>670,570</u>	<u>86,638</u>	<u>54,467</u>	<u>529,465</u>
Change in net assets:				
Unrestricted net assets	31,106			31,106
Temporarily restricted net assets	825	(1,032)	1,857	
Permanently restricted net assets	<u>13,686</u>			<u>13,686</u>
	<u>45,617</u>	<u>(1,032)</u>	<u>1,857</u>	<u>44,792</u>
NET ASSETS, August 31, 1999:				
Unrestricted net assets	532,863			532,863
Temporarily restricted net assets	141,930	85,606	56,324	
Permanently restricted net assets	<u>41,394</u>			<u>41,394</u>
	<u>716,187</u>	<u>85,606</u>	<u>56,324</u>	<u>574,257</u>
Change in net assets:				
Unrestricted net assets	62,260			62,260
Temporarily restricted net assets	4,291	2,847	1,444	
Permanently restricted net assets	<u>8,593</u>			<u>8,593</u>
	<u>75,144</u>	<u>2,847</u>	<u>1,444</u>	<u>70,853</u>
NET ASSETS, August 31, 2000:				
Unrestricted net assets	\$ 595,123	\$	\$	\$ 595,123
Temporarily restricted net assets	146,221	88,453	57,768	
Permanently restricted net assets	<u>49,987</u>			<u>49,987</u>
	<u>\$ 791,331</u>	<u>\$ 88,453</u>	<u>\$ 57,768</u>	<u>\$ 645,110</u>

MICHIGAN EDUCATION ASSOCIATION - NEA
NOTES TO FINANCIAL STATEMENTS

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Lease Commitments

Rental commitments for zone and area office space under noncancellable leases in effect as of August 31, 2000 aggregated approximately \$3,918,000. The term of the leases generally extend for one to five years and are expected to be renewed or replaced by other leases.

The minimum rental commitments are summarized as follows:

Year ending August 31,	
2001	\$ 1,225,000
2002	964,000
2003	702,000
2004	550,000
2005	477,000

Rental expense charged to operations amounted to approximately \$1,355,000 in 2000 and \$1,298,000 in 1999.

The Association also leases automobiles on a twelve-month basis with monthly renewal options thereafter. The monthly lease charge is approximately \$42,000.

Borrowing Arrangements

The Association has an unsecured line of credit in the amount of \$4,000,000. As of August 31, 2000 and 1999, no amounts were outstanding.

The Association is contingently liable in connection with letters of credit in the amount of \$253,000.

Litigation

At August 31, 2000, the Association is a defendant in several lawsuits. In the opinion of management, in consultation with legal counsel, the ultimate outcome of these suits is not expected to have a material adverse impact on the Association's financial position.

Dissolution of MEDNA

To the extent transactions during the dissolution process differ from estimated amounts, MEA and other related parties will pay to cover any under accruals and receive refunds of any over accruals.

MICHIGAN EDUCATION ASSOCIATION - NEA
NOTES TO FINANCIAL STATEMENTS

NOTE 14 - PROGRAM ACTIVITIES

The Association reports its expenses in the Statement of Activities in a manner that facilitates the Board's and management's oversight of budgetary limitations within its fund accounting structure. For purposes of reporting functional activities consistent with the requirements of SFAS No. 117 Building and Site Fund expenses of \$1,687,019 have been allocated to program and supporting services in the following table.

Program services:	
Program development and support	\$ 19,485,629
Uniserv	32,428,561
Program services	2,809,106
MEA-RETIRED	146,079
Image/Crisis	159,471
Other	<u>33,118</u>
	55,061,964
Supporting services:	
Management and general	794,408
Membership development	<u>416,002</u>
	\$ <u><u>56,272,374</u></u>