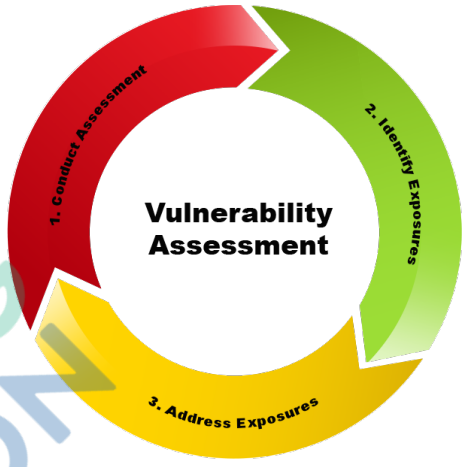
AFFILIATE VULNERABILITY FRAMEWORK

SETTING THE STAGE
September 2026



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NEA and its affiliates, united, are the largest labor union in the United States. NEA's strength is directly related to the strength of our affiliates. Conversely, NEA's vulnerability is directly linked to that of our affiliates. Our collective ability to win for our members and our students depends on NEA effectively responding to and addressing affiliate vulnerabilities.

DEFENDING EDUCATION

Affiliate Support: Strategic Outcomes and Risk Mitigation Framework

Significant Financial Operations Affiliate Support

Collectively, Financial Operations Affiliate Support functions as a preventive risk management and state affiliate support system. Through standardized oversight, education, early warning mechanisms, and targeted intervention, Financial Operations Affiliate Support reduces financial, compliance, organizational, and reputational risk across the enterprise network while strengthening long-term organizational stability.

1. Early Risk Identification and Situational Awareness

Strategic Outcome: NEA has timely visibility into the financial condition, capacity, and emerging risks of state affiliates.

How Risk is Mitigated:

- Ongoing relationship-based engagement with affiliates creates trusted channels for early disclosure of financial stress, management and governance challenges, or operational instability.
- Open communication ensures problems are surfaced early or acknowledged when already serious, so state leadership can correct the issue and put controls in place to prevent it from happening again.

2. Standardized Financial Oversight & Benchmarking

Strategic Outcome: Financial oversight across state affiliates is consistent, objective, and data driven.

How Risk is Mitigated:

- Annual analysis of audited financial statements using ratios, trends, and benchmarks established by the NEA/NCSEA Financial Health Task Force.
- Five-year trend reporting enables leadership to distinguish between short-term fluctuations and structural financial weaknesses.
- Benchmarking reduces reliance on anecdotal reporting and supports state-level decision-making.

3. State Affiliate Financial Operations Risk Assessment

Strategic Outcome: State presidents and executive directors receive an objective, "internal audit" style assessment of financial operations and internal controls, providing a clear, "gut check" on the effectiveness of their financial management and internal control environment.

How Risk is Mitigated:

- Fiscal Health Reviews are conducted at the request of state presidents or executive directors to evaluate financial operations, internal control design, and effectiveness of operational, compliance, or governance risk.
- Assessments include practical recommendations to strengthen policies, procedures, and internal controls, enabling leadership to address weaknesses proactively.
- Early identification of risks reduces the likelihood of audit findings, regulatory scrutiny, crisis-driven interventions, or the need for emergency financial support.

4. Capacity Building Through Financial Education

Strategic Outcome: State and local leaders are equipped to meet their fiduciary and oversight responsibilities.

How Risk is Mitigated:

- Comprehensive training programs strengthen financial literacy among officers, board members, and staff.
- Education reduces governance failures, internal control weaknesses, and over-reliance on a single financial staff member.
- Consistent training reinforces shared financial standards and expectations across the enterprise.

5. Financial Oversight, Fraud Prevention, and Compliance

Strategic Outcome: Affiliates maintain effective financial oversight frameworks, strong internal controls, and boards and management that are equipped to meet their fiduciary and compliance responsibilities.

How Risk is Mitigated:

- Practical tools and handouts translate fiduciary and compliance obligations into clear, actionable guidance for both management and governance.
- Resources such as fiduciary handouts, compliance checklists, guides, and financial statement analysis kits enable boards and leadership to identify financial red flags, control weaknesses, and compliance risks early, and to ask informed questions.
- Strengthening oversight and internal control environments reduces exposure to fraud, financial mismanagement, reporting deficiencies, and regulatory scrutiny.

6. Knowledge Continuity & Peer Support

Strategic Outcome: Institutional knowledge is preserved and shared, reducing disruption from leadership turnover.

How Risk is Mitigated:

- Peer forums and mentorships connect new business managers and secretary-treasurers with experienced counterparts.
- Knowledge sharing limits errors caused by inexperience and reduces operational risk during transitions.

7. Leadership Transition & Continuity Planning

Strategic Outcome: Financial leadership transitions occur with minimal disruption to operations and controls.

How Risk is Mitigated:

- Support for CFO hiring ensures candidates are evaluated for both technical competence and organizational fit.
- Interim accounting support prevents gaps in financial oversight during vacancies or transitions.

8. Fidelity Bond Annual Renewal

Strategic Outcome: Enterprise-wide annual renewal of fidelity bond insurance coverage that safeguards against financial loss.

How Risk is Mitigated:

- Involvement with the annual fidelity bond renewal helps assess financial risks as states and locals grow or change.
- Required fidelity bond coverage reduces financial exposure related to fraud or employee dishonesty.

DEFENDING EDUCATION

9. DOL Regulatory Compliance & Enforcement Risk Reduction

Strategic Outcome: Affiliates remain compliant with federal labor reporting requirements.

How Risk is Mitigated:

- Direct support under the Department of Labor Voluntary Compliance Program helps affiliates resolve outstanding LM filings and correct deficiencies for local associations.
- Proactive compliance reduces the risk of audits, penalties, reputational harm, and external intervention.

10. Shared CFO Program: Structural Financial Risk Reduction

Strategic Outcome: Affiliates gain sustained access to high-level financial expertise, strengthen financial management, governance support, and long-term sustainability regardless of the state's budget limitations.

How Risk is Mitigated:

- The Shared CFO Program provides six state affiliates with experienced, highly skilled CFOs in situations where hiring a full-time, qualified CFO is not feasible due to cost, limited talent pools, or organizational scale.
- The program reduces systemic financial risk by ensuring consistent, professional oversight of core financial functions, including financial reporting and compliance, audit preparation, strategic planning and budgeting, day-to-day accounting operations, membership support, tax filings, and LM reporting.
- Shared CFOs strengthen internal control environments by implementing controls, developing policies and procedures, and supporting governance best practices.
- The program mitigates leadership and governance risk by positioning Shared CFOs as trusted advisers to state presidents, executive directors, and boards of directors, enhancing decision-making, transparency, and fiduciary oversight.
- By supporting collective bargaining analysis and financial modeling, the program also reduces bargaining-related financial exposure and improves long-term fiscal planning

Significant Legal Affiliate Support

1. Strengthening Legal Compliance Controls

Strategic Outcome: In preparation for the current administration, developed guidance, tools, and training that were shared across the NEA enterprise to tighten affiliates' compliance with federal requirements, including tax, LMRDA, Electronic Funds Transfer Act, and more.

How Risk is Mitigated:

- Develop and share ready-to-use tools to strengthen compliance, train widely on those tools, and engage individually with affiliates on follow-up and compliance strategies.

2. Ensuring Compliant Autopay and Membership Systems

Strategic Outcome: In the wake of Janus, NEA moved to ensure affiliates follow best practices in membership sign-up and dues collection, including via autopay.

How Risk is Mitigated:

- Create and staff an ongoing NEA staff team spanning OGC, EDIS, and Membership Services to develop model NEA membership, sign-up, and autopay practices, and then recruit affiliates onto those systems by building strong, ongoing relationships that underscore the need for this work. One mark of the success of these efforts is the successful rollout of an autopay user agreement, which affiliates readily embraced, reflecting their understanding and commitment to compliant practices.

3. Ensuring Compliant Elections

Strategic Outcome: Ensuring that NEA delegate elections, including those conducted as dual elections to a local or state officer post, comply with the LMRDA.

How Risk is Mitigated:

- Provide updated tools and guidance to affiliates about how to conduct LMRDA-compliant elections and the need to do so for all NEA delegate elections. Reinforce those communications through NOLEA sessions on conducting compliant elections and by engaging with affiliates individually on specific election concerns.

4. Maintaining CBA Commitments to Pay Dues

Strategic Outcome: Maintain payroll deduction arrangements in anticipation of legislative rollback to provide affiliates with a financial cushion while they flip to autopay.

How Risk is Mitigated:

- Litigation challenging the repeal of payroll dues deduction has successfully blocked the repeal in several states.

5. Ensuring Campaign Finance Law Compliance

Strategic Outcome: Ensure affiliates understand the complexities of campaign finance laws in their jurisdictions and can comply with those laws in a timely manner.

How Risk is Mitigated:

- Through building relationships with affiliate counsel and consulting on issues as they arise.

6. Assist States in Protecting Public Education Funding

Strategic Outcome: Protect public education funding by defeating voucher schemes and raising awareness of the costs of those schemes to students and state-constitutionally mandated public education systems.

How Risk is Mitigated:

- Train affiliates on the rising risks to public education posed by federal and state voucher schemes. We have a vibrant state affiliate voucher cohort that meets regularly to discuss, learn, and strategize about how to protect public education funding.
- Assess and litigate successful challenges to date to school voucher schemes. Support affiliates litigating such issues with state counsel.
- Develop a broad team at NEA spanning EPIC, OGC, and CAPA to provide more comprehensive support to affiliates against these attacks, including by developing tools to address the new federal voucher program and accountability measures that can be implemented at the state level.
- Connect affiliates to important partners such as the Education Law Center, ACLU, In the Public Interest, and others, who have expertise in this area.
- Connect affiliates interested in running revenue campaigns to an ecosystem that NEA has helped support and, in some cases, create — from funding sources to policy to research to organizing networks and the like.

7. Legal Support for Affiliates

Strategic Outcome: Provide legal counsel and advice on cross-cutting issues of national significance to efficiently build legal capacity across the NEA enterprise.

How Risk is Mitigated:

- Annual conference for lawyers for affiliates and members (NOLEA) to spread best practices and approaches. Monthly calls with state GCs regarding current concerns and approaches. As-needed support for affiliates without a general counsel or on specialized needs as they arise, including troubled state/local relationships, state affiliate trusteeships, cyber and other security concerns, and other affiliate operation and conduct concerns.

Significant Legislative Crisis Affiliate Support

1. Responding to State Legislative Threats

Strategic Outcome: Provide strategic and financial assistance through the Legislative Crisis grant program to affiliates facing legislative attacks, including payroll deduction, exclusive representation, collective bargaining, education funding (budget and tax cuts, state salary

structures and formulas), pensions, vouchers, and charters. Review state budget and revenue proposals and provide impact analysis and forecasting for affiliates. Provide messaging and tactical assistance tailored to each affiliate tax system for education.

How Risk is Mitigated:

- By creating a strategic partnership with the affiliate, we can help evaluate, mitigate and defeat legislative proposals and harmful budgets before they pass and impact affiliate operations or our members.

2. Connecting and Coordinating with National Labor Unions

Strategic Outcome: Provide union coalition support through the National Labor Unity-State Battles Project with staffing, research, media-paid and earned, and field organizing for the union-endangered states.

How Risk is Mitigated:

- Leveraging national relationships within labor to help coordinate resources and effort in state fights.

3. Tracking Right Wing & Ed Reform Activity as it Pertains to Union Threats

Strategic Outcome: Partner with others to develop or access information needed to anticipate right-wing attacks, as well as identify and assess disinformation

How Risk is Mitigated:

- This system provides early warning on legislation, organizing activities, research, and experience in other states.
- Using the Unity-State Battles Project to track right-wing anti-union groups, specifically ALEC, SPN (State Policy Network), and Right-to-Work.
- Provide access to NEA opposition research and tracking
- Connect our state affiliates to the Disinformation Defense Federation to better understand disinformation threats and receive technical guidance about how or whether to respond.

DEFENDING EDUCATION

4. Defeating Harmful Measures at the Ballot

Strategic Outcome: Provide strategic and financial assistance through the Ballot Measure grant program.

How Risk is Mitigated:

- By engaging politically to defeat these measures, we are protecting our members, students, and communities.

Human Resources Affiliate Support

Strategic Outcome: Minimize organizational risk from executive director turnover, processes within Human Resources, and collective bargaining complexities.

How is Risk Mitigated:

- Recruitment: Provide support for state affiliates for the recruitment and retention of executive directors through the Department of State Affiliate Relations.
- General HR Support: NEA has retained a vendor to provide HR support to state affiliates on an as-needed basis through the office of Operations and Risk Management, as well as bargaining support.
- Provide guidance about enhanced background checks for personnel hiring to prevent infiltration
- Bargaining: Provide customized technical assistance with bargaining

Information, Physical and Technological Security

Strategic Outcome: Protect confidential member and organizational data, systems and information from theft, manipulation, or corruption.

How Risk is Mitigated:

- Provide affiliates access to secure NEA360 Data Hub
- Provide affiliates with training and sample policies about information security and protection
- Provide affiliates with e-fraud insurance
- Provide affiliates with tech audits to assess security practices and systems, such as multi-factor authentication and more
- Provide affiliates access to physical plant security assessment expert, and in some cases provide resources for enhanced security when needed
- Continually update security protocols for in-person and virtual meetings
- When warranted, provide affiliates with social media monitoring for reputation, brand and positioning.