

MEA Emergency Fund Operating Guidelines

(As amended by the Representative Assembly, November 1993)

Introduction

The guidelines that follow encompass more than the MEA Emergency Fund, since the Emergency Fund is but one source of assistance available to MEA members and units who face financial difficulty related to potential or actual negotiations impasses.

The MEA Emergency Fund is intended, by action of the 1968 Representative Assembly, to expand the borrowing power of MEA members and to assist units over periods of temporary shortages of operating cash. The Emergency Fund will help, but individual members and the local association must be prepared to bear a part of the burden. Members should understand that some personal sacrifice may be necessary. Local associations should delay nonessential expenditure until the emergency situation ends.

Local officers, contemplating the need for assistance, should study carefully the suggestions contained herein and be prepared in advance to proceed with the proper steps toward meeting the needs of your members.

Plan carefully. Keep your members and MEA informed. Seek the help you need before you need it. Working as a team, no crisis should be beyond solutions.

The following action was taken by the MEA Board of Directors at its August 1976 meeting: "It was moved by Phillip O'Jibway, seconded by Guillermo Castanon, that the Emergency Fund Committee be discharged and the responsibility of this fund be transferred to the state CAP Committee."

I. Steps for the local association to prepare for financial assistance

A. *Appoint a local emergency assistance committee.*

1. This committee should be appointed as soon as possible to allow it time to do necessary research work in the community. It should be small (three to five (3-5) members) and consist of members respected by their peers and the community.
2. Its major roles will be to *evaluate* the needs of the members, to *identify* the availability of local financial assistance and to *communicate* the appropriate information to the members.

B. *The role of the local emergency assistance committee*

1. *Evaluate the needs of the members.*
 - a. Establish contact with the local negotiating team to keep current with the status of negotiations. Know how serious the points of disagreement are. Estimate the length of the potential or actual emergency.
 - b. Analyze the resources of the members. Determine how many are heads of households. Survey the anticipated emergency needs, should the emergency last a few days, one (1) week, two (2) weeks, etc. Have the members prepare themselves for financial difficulties.
2. *Identify the availability of local financial assistance.*
 - a. *Credit unions.* Is there one organized to serve members? How much can a member borrow on his signature alone? Will the credit union be prepared to handle a large volume of loan applications? What procedure must a member follow to secure a loan? How long will it take from the date of application until the money is available? Is payroll deduction available to repay the loan? What about applications from new members coming into the district?
 - b. *Banks and savings and loan associations.* Contact those in the community and nearby. Will these institutions make short-term loans to members? How much can be borrowed? How much will it cost? How does the borrower apply? How long will it take to process the application? When must it be repaid? Must the local association participate in any way? What about applications for new members coming into the district?
 - c. Stress to the lending institutions the importance of developing future customers for themselves from this source of help.
3. *Communicate the appropriate information to the members.*
 - a. Compile all information gathered above into a newsletter for distribution to members. Identify the lending agencies by name and location (address, telephone number, etc.).

- b. Attach the application forms that must be used or tell the members where to get them. If possible, the committee should gather a supply of applications and have them available for distribution to members on request.
- c. Be prepared to act as the *immediate* source of information related to the lending policies, procedures and limits of all such sources within your community.
- d. Establish and communicate the limits of additional assistance available should the needs of the member exceed the amount he/she can borrow on his/her own signature.
- e. Report regularly to the local executive board or officers.

II. Availability of MEA Emergency Fund assistance

A. *Loan guarantee for individual members*

1. The MEA Emergency Fund, as established by the 1968 Representative Assembly, does *not* provide for *direct* loans to members. It is available to *extend* the *credit limits* of members with cooperating lending institutions or to reimburse the cost of interest to the borrower for a term of one (1) year from the date of the loan and a maximum of one-and-one-half percent (1½%) per month on the unpaid balance. Maximum amount of the loan shall be *one thousand five hundred dollars* (\$1,500).
2. If a member has borrowed all he/she can without additional collateral or a cosignatory, application may then be made to the MEA Emergency Fund Committee for assistance. This application is made by the local *emergency assistance committee* on behalf of the individual member or for a guarantee of support in a fixed sum for a group of members. A prior understanding must have been reached with the *local* lending institution regarding the nature of the *third party* guarantee. Will they require a cosignature on the note, a written pledge stating the extent of the guarantee, a deposit of money to guarantee the loan(s), etc.?

Note: The local association must share equally in the guarantee. If the borrower does not repay the loan within one (1) year from the date of the loan, the local association will pay one-half (½) of the unpaid balance to the MEA Emergency Fund. The MEA Emergency Fund will then match that amount, plus any applicable interest and service charges, and forward the total amount due to the lender.

3. Where no source of local borrowing is available, MEA has arranged for individual loans to be made by participating banks. Individual applications, cosigned by the local association, will be reviewed by the MEA CAP Committee.

B. *Loans to local associations*

1. The MEA Emergency Fund is a source of interest-free loans to local associations to carry them over periods of inadequate operating cash caused by potential or actual emergencies or negotiations impasses. Cash grants may be available from the Emergency Fund, subject to conditions in Section IV-B of these guidelines.
2. These loans may be used to pay unusual expenses related to negotiations or to pay ordinary operating expenses if cash normally available has been exhausted due to prior expenditures for negotiations.
3. Application should be made to the MEA CAP Committee and should be accompanied by a recommendation from the MEA staff representative assigned to assist the local association during the critical period.
4. Repayment terms and conditions will be established by the MEA CAP Fund Committee as a part of the process of reviewing the application. These will vary according to the nature and size of loan and the resources and dues structure of the local association.

III. Definitions

What is an *emergency* which will permit an individual or local association to apply for assistance from the Emergency Fund?

- A. ***Individual.*** If the member is unemployed for a minimum of ten (10) work days or fourteen (14) calendar days under conditions specified in IV-A and the member has exhausted all available credit and is unable to secure needed funds, he/she may apply, through his/her local association, to the MEA Emergency Fund for the arrangement of additional credit.
- B. ***Local association.*** If due to negotiation difficulties a local association must expend funds beyond the availability of normal operating cash needed, the local association may apply to the MEA Emergency Fund for an interest-free loan to cover these unusual costs. Examples of some of these expenditures could include rental of a large meeting facility, purchase of time or space for local news media to reach the community, costs of negotiating team members, etc. See Section II-B for other conditions to be met.

IV. Purposes of the Emergency Fund

- A. **Individuals.** To assist individuals by extending borrowing limits beyond amounts available on the borrower's own signature by guaranteeing interest-free loans. Applicable where an individual suffers a salary interruption, due to action by the affiliated local association of which he/she is a member or due to circumstances beyond the control of the MEA-affiliated local association.
- B. **Local association.** To provide interest-free loans or a combination of interest-free loans and grants to local associations who need operating cash to cover expenses related to negotiating difficulties or to circumstances beyond the control of the MEA-affiliated local association. All grants subject to approval by the MEA Board of Directors.
- C. **Michigan Education Association.** To assist the MEA with emergency costs, such assistance subject to approval by the MEA Representative Assembly at a regular or special session.
- D. **Representation (bargaining agent) elections.** The MEA Board may authorize the use of the Emergency Fund for representation election campaigns, as recommended by the MEA executive director.
- E. The MEA CAP Fund Committee may upon recommendation by the executive director and approval by the Board of Directors be authorized to make subsistence grants to members who meet the conditions specified in sections III-A and IV-A of these guidelines. The committee may also be authorized to establish criteria for distribution of grants and to provide for repayment to the fund should lost salary be recovered.

V. Administration of the Emergency Fund

- A. **The Emergency Fund shall be administered by the state CAP Committee.**
 - 1. The MEA Board of Directors, as provided by the 1968 Representative Assembly, appointed a committee to establish operating guidelines and to administer the Emergency Fund. This committee is the MEA CAP *Committee*. It consists of:
 - One (1) member from each zone, the MEA secretary-treasurer and two (2) members of the MEA Board of Directors;
 - This committee is assisted by the MEA executive director and his/her designee.
 - 2. The primary role of the committee, following establishment of the operating guidelines, is to receive and review applications for assistance from the Emergency Fund and to determine the allocation of available cash in the fund.
- B. **Local responsibilities**
 - 1. The local officers should appoint a local emergency assistance committee and work closely with MEA and its representatives throughout the critical period.

The following policy was adopted by the Board of Directors, November 1981:

Any local which becomes more than sixty (60) days delinquent on its Emergency Fund loan transmittal schedule shall be required to submit an independent certified audit, conducted at local expense, and a copy of the local's adopted budget which reflects the planned repayment schedule. If the delinquency remains for an additional thirty (30) days and the audit and budget are not submitted, an MEA agent shall be appointed. If the audit and budget indicate insufficient effort on the part of the local, the MEA agent shall take appropriate action to assure timely repayment of the loan. Any local which becomes delinquent on the Emergency Fund loan transmittal schedule shall be prohibited from requesting the MEA Board to convert said loan to a grant.