

**Society of American Archivists
Council Meeting
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Chicago, Illinois**

**SAA Dues Structure and Adjustment
(Prepared by SAA Treasurer Mark J. Duffy)**

This report is prepared as a briefing paper for the Council to consider a change in the dues structure and implement a membership dues increase, targeted for FY2017. It offers the Council a set of first-stage recommendations to move these matters forward as decisions for the membership.

The Finance Committee joins the Treasurer in recommending that the Council support a change in the dues structure and an increase in member dues to commence as soon as feasible. A preliminary schedule sets a baseline FY2017 goal that can be recognized as the basis for a three-year stepped adjustment. Ideally, Council would agree to an annual increase in total dues revenue of from 1-3% over the course of the succeeding two years of this (or a similar) schedule. Further financial analysis will be conducted in the next budget preparation to formulate a more precise schedule over the course of the full three-year cycle.

BACKGROUND

The Finance Committee is charged to, “annually review SAA dues and dues revenue to assure SAA's long-term financial stability.” The Treasurer, “together with the Finance Committee and the Council,” is charged to “triennially review the dues structure to assure its sufficiency.” The Finance Committee considered the appropriateness, scope, timing, and financial details of a dues revision at each of its in-person meetings in 2012, 2013, and 2014. Membership dues revision was also the chief order of business at a conference call meeting in November 2013. Over the last three years, the Finance Committee has duly executed its oversight of dues structure and revenues, and determined that: 1) SAA’s revenue from dues is critical to achieving the goals set out in our strategic plan; 2) SAA dues revenue, as a percentage of total revenue, is improved but not ideal; 3) SAA’s dues structure achieves the critical component of being equitable but does so at the expense of being overly complex; and 4) to ensure SAA’s stable financial health, it is necessary to provide the Council and SAA management with the ability to align dues increases with strategic goals and financial realities.

On June 30, 2014, the Society concluded the last year of a three-year dues increase cycle. The cycle was successful in raising one of the two major revenue streams that permits a degree of financial predictability and stability in planning future activities and new

initiatives. At the beginning of FY2014, membership dues had climbed to a level of approximately 33% of total revenue, which is in line historically with SAA performance. It is, however, lower than the common baseline measure for professional associations (i.e., the “industry standard”) of 37.6%.¹ Currently SAA derives approximately 67% of its revenues from non-dues sources of revenue, which is at the higher end of the spectrum for voluntary membership organizations. While this figure is a testament to the Society’s successful educational and event programs, relying on service programs for revenue is a risky approach that requires expense outlays and should always be balanced by a reliable baseline for revenue flows.²

In light of the process by which member dues changes or increases occur, the Finance Committee has agreed that determining a plan for dues increases going forward must be completed by May 31, 2015. SAA’s Constitution stipulates that, “Changes in membership dues shall be determined by a majority vote of those members voting in a referendum conducted according to the bylaws of the Society” (sec. IV).³ Providing for the communication and preparation time to accompany a dues change points to the beginning of FY2017 (i.e., July 2016) as the earliest opportunity to adjust revenue flow – a full three years after the last dues increase. The recent trend toward a leveling in membership growth gives further reason to conduct a prompt schedule of review, decision making, and communication.

The Finance Committee recommends that the Council support a change in the dues structure and a dues increase to commence as soon as feasible. The preliminary schedule sets a baseline FY2017 goal that we would expect to become the basis for a three-year

¹ ASAE Foundation Association 990 Database, *Benchmarking in Association Management: Financial Operations Policies and Procedures*, 2012.

²Dues as a percentage of revenue range from 12% to 60% or more depending on the business. Association management consultants identify the range of 30-35% as close to the norm for organizations lacking deep pockets of investment income or untapped areas of income-generating (services/sales) activities. Cf., “Data Shows Non-Dues Revenue Key to Association Sustainability,” *Association Advisor* at http://www.associationadviser.com/index.php/newsletter27206_335/

³ Section 11 of the SAA Bylaws on Member Referenda provides that: “*Member dues changes and resolution of motions filed with the Executive Director in accordance with Article IX or Article X of the Constitution shall be determined by member referendum. The Council Executive Committee shall review and approve a [briefing paper](#) prior to the constitutional notification date. Copies of proposed amendments and briefing papers, prepared by the proposer(s) and/or by the Executive Director in accordance with Council guidelines, shall be distributed in accordance with Articles IX and X of the Constitution and shall be presented at the business meeting or at a special meeting called by the Council. Notice of the referendum, copies of proposed member dues changes, constitutional amendments and/or bylaws amendments, and briefing papers shall be distributed by the Executive Director according to a method approved by the Council to eligible voting members no more than thirty (30) days after the meeting at which the motion is presented. All members shall be given the opportunity to participate in discussion and debate on items presented for referenda. Ballots shall be distributed to eligible voting members according to a method approved by the Council no fewer than sixty (60) days and no more than ninety (90) days after the meeting. Approval of motions shall be determined by a majority vote for dues changes and by a two-thirds (2/3rds) vote for proposed amendments to the Constitution and Bylaws of those members voting in the referendum, provided that at least ten (10) percent of the eligible voting members shall have voted. A member may obtain the vote count from the Executive Director.*”

stepped increase. Ideally, Council would agree to an annual increase in total dues revenue of from 1-3% over the course of the succeeding two years of this (or a similar) schedule. Further financial analysis will be conducted in the next budget preparation to formulate a more precise asking over the course of the three-year cycle.

DISCUSSION

It is reasonable to ask if SAA has adequately explored alternatives to increasing members' dues. If dues revenue were to decline, the organization would have to rely more heavily on selling services, products, the annual meeting, and new program offerings to fill a widening gap. Fees for services would definitely see an increase. This marketplace approach places the organization's finances in a potentially precarious position in which the Council and staff must develop programs on the basis of business decisions geared toward successful sales, fees, and profit centers. A trade-off begins to occur as more services are monetized at the expense of unprofitable but popular offerings and member solidarity.

The Finance Committee acknowledges and applauds the recent historical trend of positive revenue flows from product and service revenue. The Society's income statement attests to well-crafted offerings in the annual meeting program, educational offerings, vendor relationships, and, despite a very volatile market, the ability of publications to reduce costs and seek new business models. Services are accompanied, however, by significant off-setting costs. There is no evidence that the Society can generate a significantly higher flow of revenue from fee-based services or expanded programs in light of the historical variability in our educational and publishing endeavors.

Dues and annual meeting revenue continue to be the key factors in the Balance Sheet, and membership dues continue to have the highest margin of income for the Society. We are compelled to build upon the sound fiscal planning practices and gains of recent years in order to meet our ambitious strategic plan, SAA's commitment to an ethic of nimbleness in business operations, and the need to respond to innovative ideas from our newest professional cohorts.

The proposal for FY2017 appears within the normal range when compared to current (2014) dues structures of related professional groups. The proposal maintains an average for student members, but recognizes larger increases for some members beyond the part-time or low entry-level positions. **Appendix A** of this report offers a view of comparable membership across a variety of structural schemes and organization sizes.

In discussing the proposal for a dues increase, the Finance Committee considered several sets of dues structures and payment amounts. Over the course of two meetings, Committee members ranged in their views from collapsing the current 16 categories from as many as nine to as few as four categories. All members were in agreement, however, that the current number of dues categories is unnecessarily complex and does not achieve the essential goal of a differentiated structure, which is to create a convincing sense of equity and fairness in a vertical assessment structure. **Appendix B**, "Preliminary

Schedule for Dues Restructure and Adjustment,” is a proposal to reduce the number of membership categories from the existing 16 to seven.

There are costs to delaying a review of the dues structure. Unless the Society realizes solid growth in membership, Council can anticipate an incremental decline in FY2015 and FY2016 revenues in this area of the income statement. The gains in SAA’s finances in the period from FY2012 to FY2014 are at risk of being diluted by a multi-year period of unadjusted increases to meet inflation and program goals. In implementing a dues increase, therefore, the changes in membership categories should be structured to generate revenue and not result in a revenue-neutral outcome.

The Council can expect some resistance to both the change in categories and the overall effect of increases. The Society should prudently anticipate some loss of membership renewals, typically 3% to 5%, but conservatively estimated at up to 10% if the increase were to align with unfavorable financial conditions or other negative influences.

Proposed Preliminary Schedule for Dues Restructure and Adjustment

Of the several plans considered, this proposal offers in **Appendix B** a schedule that is slightly more progressive vertically in that it raises dues in the middle as well as at higher incomes and lowers the increase slightly for those at the lower income range. Some of the major points for Council to observe as it evaluates the impact in the proposed formulation are:

- An increase of \$10 (from \$50 to \$60) offers a competitive rate for **Students**.
- **Unemployed** (bridge) members would see a small increase, from \$50 to \$60.
- A **Tier 1** category that raises the entry-level and part-time archivist salary coverage from \$20K to \$29,000K/year. The \$95 dues rate would reflect an increase of \$15 for some and a decrease of \$10 for up to 268 members.
- Domestic and foreign professional associates would see a \$15 to \$40 increase.
- **Tier 2** combines current categories ID3 and ID4. ID3 would see a \$15 increase and ID4 would see a \$15 decrease.
- **Tier 3** combines ID5 and ID6. ID 5 would increase by \$20; ID6 would decrease by \$5.
- **Tier 4** would increase dues for ID7 by \$30.
- **Regular Institutional** members’ dues would increase by \$50.

QUESTIONS FOR DISCUSSION

- Do the timing and the conditions feel right to make this proposal to our members?
- Fairness and equity have to be contained in the dues structure – what feels right to Council members in making category decisions? Does the Council believe that the changes are fair to the broadest number of members?
- Are Council members prepared to be advocates for this change? What do they need to feel confident that it is right for SAA’s members and the profession?
- How much pain are we prepared to endure if member drop-out approaches 10%?

- Do we need to have a better idea of the price elasticity before proceeding, and how will we go about obtaining that information?
- What is the mind of Council on the question of a constitutional amendment that would provide Council with leeway in making future dues adjustments without a member referendum? Ideas discussed by the Finance Committee include allowing a capped percentage increase in any one year, permitting an automatic inflationary adjustment in the annual budget, or eliminating the referendum requirement as an imprudent business restriction on the fiduciary obligations of the Council.
- Can we estimate and provide a buffer against membership category switching that might result from the changes we adopt?
- We currently have a working number that measures the per-member cost of providing services and benefits to the average member. Do we need to revisit that figure before proceeding, and will Council be satisfied with our internal financial measures?
- Are we adequately anticipating increases in future costs of member benefits?
- What will the effect be on non-dues revenue? Do we need to anticipate an effect of a dues increase on non-dues revenue?
- Do we have reason to increase our expectations from future non-dues sources of revenue?
- Are we willing to push the adjustment to better provide for essential reserves?
- Is there a piece of information missing in the discussion that we anticipate being asked to explain?

RECOMMENDATIONS

THAT the SAA Council support, pending its final approval, the introduction of a revised dues structure (per Appendix B), effective July 1, 2016, that would result in the first of a three-year dues increase for most categories of membership and an overall increase in dues revenue to support future operations and strategic activities;

THAT Council members, officers, and staff engage the membership in a discussion of the proposed changes and incorporate member feedback into a final proposal to be presented for an all-member referendum no later than November 20, 2015.

Support Statement: SAA has set itself on a growth-oriented path with an ambitious five-year Strategic Plan, healthy but leveling membership numbers, a high-demand education program in keeping with core mission, an enlivened but still young Foundation, and commendable staff leadership. The Council must either sustain this growth strategy from predictable revenue sources or acknowledge that its plans are heavily contingent on the increasing success of its annual program and member offerings.

It is highly advisable that the SAA Council ensure that future dues revenue, in combination with the Society's non-dues revenue, will not only support association operations, but also provide approximately three to six percent yearly contribution to reserves (\$78K–\$155K). Such forward planning argues for adjusting dues with a stepped

increase and revenue target that will be sufficient to: (a) meet our strategic priorities, and (b) contribute significant funds to reserves for technology, communication, and future member services.

Impact on Strategic Priorities: The pursuit of an ambitious strategic plan hinges on the Society's ability to fund new initiatives, particularly in education, performance measures, technology development, and advocacy.

Fiscal Impact: Most of the costs associated with a dues increase will be realized as staff-time expenses to prepare communications pieces, field member concerns, prepare and implement a member referendum, re-tool association membership software to reflect category changes, some website revision, and changes to dues notification processes. Volunteer time will be significant.

Attachments:

Appendix A. Comparison of SAA Dues to Related Professional Associations

Appendix B. Preliminary Schedule for Dues Restructure and Adjustment

Appendix A. Comparison of the SAA Dues to Related Professional Associations (2014)

SAA		ALA		SLA		AALL	
ID1 (-\$20k/year)	\$80	Regular	\$135	Member ≥\$75K	\$200	Active	\$234
ID2 (\$20-\$29k/year)	\$105	Second year	\$102	Member <\$75K	\$185	Stud/Ret.	\$60
ID3 (\$30-\$39k/year)	\$130	First year	\$67	Member <\$35K	\$114	<i>*Each affinity group \$20</i>	
ID4 (\$40-\$49k/year)	\$160	Student	\$35	Member <\$18K	\$40		
ID5 (\$50-\$59k/year)	\$200	Unemployed	\$48	Student	\$40		
ID6 (\$60-\$74k/year)	\$225	Support Staff	\$48	Organization	\$750		
ID7 (\$75k+ /year)	\$250	Retired	\$48				
Associate Domestic	\$100	Associate	\$61				
Associate Foreign	\$125	Friend	\$61				
Bridge	\$50	International	81				
Lifetime	\$0	Organizational (5)	\$175-2,000K				
Honorary	\$0	<i>*Roundtables \$15-20 each</i>					
Retired	\$70	<i>*Divisions (11) \$50-70</i>					
Student	\$50						
Regular Institutional	\$300						
Sustaining Inst.	\$550						

ASIS&T		MLA		ARMA	
Regular	\$140	Regular	\$195	Professional	\$175
Retiree	\$70	Intro/transition	\$130	Assoc/Stud/Ret	\$95
Student	\$40	Salary <\$35,000	\$120		
Transition (3 yr)	\$65	Unemployed	\$120		
Institutional	\$650	Retired	\$75		
Corporate	\$800	International	\$130		
<i>*1 group free, \$10 to add</i>		Student	\$50		
<i>*\$15-25 for print pubs</i>		Affiliate/Paraprof.	\$120		
		Institutional	\$295-695		

Appendix B. Preliminary Schedule for Dues Restructure and Adjustment

Society of American Archivists Membership Revenue Analysis for Year One Baseline Based on June 30, 2014 Membership

Five individual rates and two institutional rates

<u>Dues Category</u>	<u>Dues</u>	<u>06-30-14</u>	<u>Projected Revenue</u>	<u>10% attrition</u>
Students and unemployed (Bridge)	60	1,166	69,960.00	62,964.00
Tier 1 (salaries <\$29k; and retirees)	95	1,573	\$ 149,435.00	\$ 134,491.50
Tier 2 (salaries ≥\$29k to <\$50k) and associate professionals	145	1,435	208,075.00	187,267.50
Tier 3 (salaries ≥\$50k to <\$75k)	220	986	216,920.00	195,228.00
Tier 4 (salaries ≥\$75k)	280	448	125,440.00	112,896.00
Total Individuals		5,608	\$ 769,830.00	\$ 692,847.00
Regular	350	479	167,650.00	150,885.00
Sustaining	550	78	42,900.00	38,610.00
Total Institutions		557	210,550.00	189,495.00
TOTAL Members/Proj. Revenue		6,165	\$ 980,380.00	\$ 882,342.00

FY2014 Year-end Membership Revenue	\$ 869,217.00
FY2017 at 1% annual inflation adj. for FY2015-17	\$ 895,555.00

Notes:

June 30-2014 Membership numbers taken from August report to Council on Membership (1-V.E.2). Total membership of 6,165 does not reflect nonpaying honorary (2), or lifetime members (12).

Student dues move from \$50 to \$60 by FY2017. Bridge membership would rise from \$50 to \$60. Retirees would drop from \$70 to \$60.

Tier 1: The category combines current categories ID1 (<\$20K @ \$80) and ID2 (\$20-29K @ \$105).

Tier 2: The category combines current categories ID3 (\$30-39K @ \$130) and ID4 (\$40-49K @ 160) and associate professionals (\$100-125).

Tier 3: The category combines current categories ID5 (\$50-59K @ \$200) and ID6 (\$60-74K @ \$225).

Tier 4: The category consists of current category ID7(≥\$75K at \$250K).

Institutional Membership--Regular increased to \$350 from \$300. Sustaining remains the same at \$550.