

**TO:** ALA Executive Board  
Budget Analysis and Review Committee

**RE:** Projected financial impact of dues *increase and other issues related to the ALA Dues Structure*

**ACTION REQUESTED/INFORMATION/REPORT:**  
Discussion

**ACTION REQUESTED BY:**  
Keith Michael Fiels, Executive Director  
Gregory L. Calloway, AED, Finance

**DRAFT OF MOTION:**  
N/A

**DATE:** June 19, 2006

**BACKGROUND:**

The ALA dues increase approved by the ALA membership in May 2006 is projected to result in an overall increase in revenue of \$1.2 million over a four-year period beginning in Fiscal Year 2007.

During Fiscal Year 2007, an additional \$106,000 in revenue is projected. This is based on assumptions regarding the impact of the first increase (the dues increase will be phased in over three years) on membership. These assumptions regarding membership loss are based on our experience following the last dues increase in 1996, where we saw a 2% drop in membership the first year, followed by growth the following years.

The attached document provides information on projected additional revenue over the four year period, as well as some information on other possible membership loss and growth scenarios and their financial implications.

In various conversations regarding the dues increase, a number of other discussion items, both short and long term, have been identified regarding ALA dues.

- What is the likely impact of the dues increase on member retention?
- What strategies should be implemented to retain current members?
- What approach might be taken to modify policy so as to provide for the ability to adjust dues on an annual basis?
- How should the continued study of a graduated dues structure proceed?

- Are there areas within ALA (like conference, publishing or continuing education) where discounts to organizations might create increased incentives for membership?
- What strategies can be implemented to acquire and retain the largest libraries as organizational members?
- What steps can be taken to provide additional real and perceived value for all levels of corporate members, but especially Champions?

Unit No.:	501	
Unit Name:	General Administration	
Project No.:	9152	
Project Name:	Membership Dues & Small Division Subsidy	

**NOTE: Personnel Member Dues Increase - At Year-End**

Line#	Line Item Description	Explanations	Mgmt Only	FY 2007 Budget			Approved Budget Memo	
				FY2005	FY2006	FY 2007		
4000	Dues/Personal	FY2005 membership was 5,721 personal members, 4,065 organization members, 279 corporate numbers. FY 2005 for a total of 68,075. Projected FY2006 organization membership: 62,810 personal members, 3,760 organization members, 260 corporate members, total: 66,860 total members.	Actual Roster 61,731	Actual \$ Revenue 3,059,398	Approved Roster 63,370	Approved \$ Revenue 4,051,000	Restar 59,500	4,276,960
4001	Dues/Organization	Projecting a .6% decrease in 2007 membership in response to personal dues increase for a total of 59,500 members.	Actual Roster 4,085	Actual \$ Revenue 1,216,034	Approved Roster 4,628	Approved \$ Revenue 1,351,060	Restar 3,700	4,170,060
4002	Dues-Special	Organization membership will grow in FY2007, as enhanced benefits and increased marketing efforts create a slide between FY2005 and FY2006, and ending with 3,800 Org members.	Actual Roster 273	Actual \$ Revenue 92,780	Approved Roster 280	Approved \$ Revenue 90,000	Restar 111,050	135,750
4003	Dues/Life Members-Current	Based on 510 members, \$100 transferred to General Fund at end of fiscal year	Actual Roster 510	Actual \$ Revenue 0	Approved Roster 510	Approved \$ Revenue 0	Restar 53,000	53,000
4004	Dues-Cont. Members & Div Tr. Dues	Decrease of \$1,000 item FY2004 actual	Actual Roster 0	Actual \$ Revenue 0	Approved Roster 0	Approved \$ Revenue 0	Restar 0	0
4400	Alfec Fees/Revenues	Total Revenue	Actual Roster 0	Actual \$ Revenue 0	Approved Roster 0	Approved \$ Revenue 0	Restar 0	0
5000	IUT-Accommis.	Small Division Subsidy	Actual Roster 0	Actual \$ Revenue 0	Approved Roster 0	Approved \$ Revenue 0	Restar 0	0
		Total Expenses	Actual Roster 0	Actual \$ Revenue 0	Approved Roster 0	Approved \$ Revenue 0	Restar 0	0
		Total Services	Actual Roster 0	Actual \$ Revenue 0	Approved Roster 0	Approved \$ Revenue 0	Restar 0	0
		Net	Actual Roster 5,525,612	Actual \$ Revenue 5,424,327	Approved Roster 5,525,612	Approved \$ Revenue 5,424,327	Restar 102,265	102,265

Adjustment to FY2007 Personal Member Dues Projections to include 2010 Dues Increase  
 Unit 551 - General Admin, Revenue Line 4000  
 Prepared 18 May 2006

	Count	Change In Count	% Variance to Previous Year	Dues Revenue	\$ Change	% Variance to Previous year	Average Dues per Member
FY 2005 Actual Revenue	61,731			\$ 3,670,000			\$2.69
Change In Count to 2005 Actual							
2005 Actual	1,639	3%	\$ 4,061,000	\$ 191,000	5%	\$ 64.08	
Change In Count to % Variance to 2006 Budget							
2006 Budget	(470)	-1%	\$ 3,950,000	\$ (111,000)	-3%	\$ 62.80	
FY 2006 Summer Projected (Compared to 2006 Approved)	62,900						
Change In Count to % Variance to 2005 Actual							
2005 Actual	1,163	2%	\$ 3,950,000	\$ 80,000	2%	\$ 62.80	
FY 2006 Summer Projected (Compared to 2005 Actual)	62,900						
Change In Count to % Variance to 2006 Projected							
2006 Projected	3,100	6%	\$ 4,170,000	\$ 220,000	5%	\$ 63.18	
FY2007 - No Increase	65,000						
Change In Count to % Variance to 2006 Projected							
2006 Projected	(3,400)	-6%	\$ 4,276,500	\$ 325,900	8%	\$ 63.18	
FY 2007 - With Increase Projected	59,500						
Change In Count to % Variance to 2005 Projected							
2005 Projected	(3,400)	-6%	\$ 4,276,500	\$ 325,900	8%	\$ 63.18	
FY 2008 Projected	59,600						
Change In Count to % Variance to Previous Year							
Previous Year	(900)	-2%	\$ 4,700,000	\$ 423,100	9%	\$ 60.20	
FY 2009 Projected	59,700	1,100	\$ 5,250,000	\$ 550,000	10%	\$ 67.54	
FY 2010 Projected	61,200	1,500	\$ 5,380,000	\$ 130,000	2%	\$ 67.91	
Total							\$ 1,210,000

NOTES: The projected "no increase" Personal Member Dues budget line FY2007 forecast robust growth for the association that built on several new member recruitment and retention initiatives. These included additional improvements to the mechanics of the renewal process, making renewals easier and more timely; improvements in communicating about the member experience for new and renewing members, focusing on member acknowledgement and the value of membership; a new creative approach to direct mail that is ALA and division focused; leveraging divisional national conferences and the JCLC; a student to staff conversion campaign; promotion of the Retired Member category as a retention technique; and more frequent use of telemarketing for reinstatements.

It is reasonable to assume a loss in Personal Member roles during a dues increase. As we saw during the late 1990's increase, and as other comparable associations have experienced, dues increases are a convenient excuse for members to drop. However, the increase in real dues offsets the numeric loss in the short term and still provides for an environment of revenue growth. Forecasting to 2010 shows a substantial increase in the average dues per member. Once the initial shock has worn off and dropped members find themselves lacking professional services and community that ALA provides, roles will increase again. Our messaging to renewing and potential members will talk about the increased value of membership now that more funds exist to support strategic priorities and services. The techniques we will use to enhance the member experience and to make a compelling invitation to join are based in best practices for association management.

FY2007 Organizational Member Dues Projections  
Unit 591 - General Admin, Revenue Line 4001  
Prepared 1 June 2006

		Average Dues per Member	
		\$ 299.64	
		Dues Revenue	
		\$ 1,218,034	
FY 2005 Actual Revenue	Count 4,065		
	Change in Count to 2005 Actual 563	% Variance to 2005 Actual 12%	
FY2006 - Budget	4,628		
	Change in Count to 2006 Budget (928)	% Variance to 2006 Budget -25%	
FY 2006 - Summer Projected	3,700		
(Compared to FY2006 Approved)	Change in Count to 2005 (365)	% Variance to 2005 -10%	
FY206 Summer Projected	3,700		
(Compared to FY2005 Actual)		\$\$ Change to 2005 Actual \$ 132,966	% Variance to 2005 Actual 10%
		\$\$ Change to 2006 Budget \$ (233,000)	% Variance to 2006 Budget -21%
		\$\$ Change to 2005 \$ (100,034)	% Variance to 2005 -9%
		\$ 302.16	\$ 302.16

	Count	Change in Count	% Variance to Previous year	Dues Revenue	\$\$ Change	% Variance to Previous year	Average Dues per Member
FY 2008 Projected	4,095	195	5%	\$ 1,240,130	\$ 30,130	2%	\$ 302.84
FY 2009 Projected	4,218	123	3%	\$ 1,296,651	\$ 56,522	4%	\$ 307.42
FY 2010 Projected	4,302	84	2%	\$ 1,338,156	\$ 33,505	3%	\$ 309.18

**NOTES:** Identifying Organizational Member benefits that are distinct from Personal Member benefits, and marketing to former and 'never been' members on the features and take always of these benefits, will be key areas successfully reversing the decrease in Org roles this year. ALA has recently tied its Organizationa model to outside, uncontrollable benefits such as the Oprah Book Club. Although in the short term this program generated excitement in members and a dramatic rise in Organizational roles, once it ended, ALA saw a significant lapse in members. ALA will refocus efforts on identifying member benefits that are a) unsustainable, b) in our control, and c) cover all types of libraries. In addition, the highest dues rate categories will be under particular focus for both direct mail and personal appeals to achieve a higher dollar per member rate.