

**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.:	591
Unit Name:	General Administration
Project No.:	9152
Project Name:	Membership Dues & Small Division Subsidy

NOTE: Personal Member Dues Increase - 1st Year Phase In

Line#	Line Item Description	Explanation	Memo Only							FY2007 Budget Roster	FY 2007 Budget \$ Amount	FY2007 Approved Budget Memo
	REVENUE	FY2005 membership was 61,731 personal members, 4,085 organization members, 279 corporate members. FY 2005 for a total of 66,095. Projected FY2006 membership: 62,500 personal members, 3,700 organization members, 290 corporate members, total: 66,490 total members.	Accelerated Drops create a smaller relative change between 05 and 06									
			FY2005 Actual Roster	FY2005 Actual \$ Revenue	FY2006 Approved Roster	FY2006 Approved \$ Revenue	FY2006 Projected Roster	FY2006 Projected \$ Revenue				
4000	Dues/Personal	Projecting a -6% decrease in 2007 membership in response to personal dues increase for a total of 59,500 members.	61,731	3,669,396	63,370	4,081,000	62,500	3,950,000		59,500	4,276,900	4,170,000
4001	Dues/Organizational	Organizational membership will grow in FY2007, as enhanced benefits and increased marketing efforts arrest a slide between FY2005 and FY2006, and ending with 3,500 Org members.	4,085	1,216,034	4,628	1,351,000	3,700	1,116,000		3,999	1,210,000	1,214,815
4002	Dues-Special	Grow Corporate membership to 320 as continuation of one-to-one marketing at conferences, and cooperative work with Development Office.	279	92,799	280	90,000	200	111,850		320	135,750	135,750
4003	Dues Life Members-Curant	Based on 530 members, \$100 transferred to General Fund at end of fiscal year									53,000	
4004	Dues-Cont. Members & Div Tr	Decrease of \$1,000 from FY 2004 actual									(4,000)	
4490	Misc. Fees/Revenues										(18,000)	
		Total Revenue									5,655,650	5,553,305 102,285
	EXPENSES											
5998	HUT-Allocations	Small Division Subsidy									129,038	
		Total Expenses									129,038	
		Net									5,424,327	5,424,327 102,285

Adjustment to FY2007 Personal Member Dues Projections to Include 2010 Dues Increase  
Unit 591 - General Admin, Revenue Line 4060  
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			\$ 62.69	
		Change in Count to 2005 Actual	% Variance to 2005 Actual		\$ Change to 2005 Actual	% Variance to 2005 Actual		
FY2006 Approved Budget	63,370	1,639	3%	\$ 4,061,000	\$ 191,000	5%	\$ 64.08	
		Change in Count to 2006 Budget	% Variance to 2006 Budget		\$ Change to 2006 Budget	% Variance to 2006 Budget		
FY 2006 Summer Projected (Compared to 2006 Approved)	62,900	(470)	-1%	\$ 3,950,000	\$ (111,000)	-3%	\$ 62.80	
		Change in Count to 2005 Actual	% Variance to 2005 Actual		\$ Change to 2005 Actual	% Variance to 2005 Actual		
FY2006 Summer Projected (Compared to 2005 Actual)	62,900	1,169	2%	\$ 3,950,000	\$ 80,000	2%	\$ 62.80	
		Change in Count to 2006 Projected	% Variance to 2006 Projected		\$ Change to 2006 Projected	% Variance to 2006 Projected		
FY2007 - No Increase	66,000	3,100	5%	\$ 4,170,000	\$ 220,000	5%	\$ 63.18	
	Count	Change in Count to 2006 Projected	% Variance to 2006 Projected		\$ Change to 2006 Projected	% Variance to 2006 Projected		Variance to Approved 2007 Budget
FY 2007- With Increase Projected	59,500	(3,400)	-6%	\$ 4,276,900	\$ 326,900	8%	\$ 71.88	2%
								New Revenue Above Approved 2007 Budget
								\$ 106,900

  

	Count	Change In Count	% Variance to Previous year	Dues Revenue \$	\$ Change	% Variance to Previous year	Average Dues per Member \$	
FY 2008 Projected	58,600	(900)	-2%	\$ 4,700,000	\$ 423,100	9%	\$ 80.20	
FY 2009 Projected	59,700	1,100	2%	\$ 5,250,000	\$ 550,000	10%	\$ 87.94	
FY 2010 Projected	61,200	1,500	2%	\$ 5,380,000	\$ 130,000	2%	\$ 87.91	
								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 programs 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

	Count		Dues Revenue		Average Dues per Member
FY 2005 Actual Revenue	4,065		\$ 1,218,034		\$ 299.64
		Change in Count to 2005 Actual	% Variance to 2005 Actual	\$ Change to 2005 Actual	% Variance to 2005 Actual
FY2006 - Budget	4,628	563	12%	\$ 1,351,000	\$ 132,966 10%
		Change in Count to 2006 Budget	% Variance to 2006 Budget	\$ Change to 2006 Budget	% Variance to 2006 Budget
FY 2006 - Summer Projected (Compared to FY2006 Approved)	3,700	(928)	-25%	\$ 1,118,000	\$ (233,000) -21%
		Change in Count to 2005	% Variance to 2005	\$ Change to 2005	% Variance to 2005
FY206 Summer Projected (Compared to FY2005 Actual)	3,700	(365)	-10%	\$ 1,118,000	\$ (100,034) -9%
		Change in Count to 2006 Projected	% Variance to 2006 Projected	\$ Change to 2006 Projected	% Variance to 2006 Projected
FY2007 - Summer Revised (Compared to FY2006 Projected)	3,900	200	5%	\$ 1,210,000	\$ 92,000 8%
					Average Dues per Member
					\$ 310.26

  

	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%	\$ 1,298,651	\$ 58,522	4%	\$ 307.42
FY 2010 Projected	4,302	84	2%	\$ 1,330,156	\$ 31,505	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 aways of these benefits, will be key areas successfully reversing the decrease in Org roles this year. ALA has recently tied its Organizational 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) sustainable, 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.