

## NAEA Member Dues and Financial Sustainability

*During the November 2009 Board of Directors meeting, the Board considered the following information related to NAEA Member Dues and Fiscal Sustainability. Following review of the information below, the NAEA Board of Directors voted unanimously to appoint a Fiscal Impact Committee consistent with NAEA policy to study a member dues increase as outlined.*

*The information below, as presented in November 2009, details the impact of NAEA member dues and applicable timelines to ensure fiscal sustainability.*

Professional membership organizations rely upon member dues as a primary source of revenue for organizational investment that ensures a return to members on the value of belonging. Value is maintained through sustainment of current benefits and resources and/or the development of new ones. Benefits are measured through the delivery of quantitative resources, programs and products; and through qualitative assessment related to the overall experience. NAEA conducted an historical first Member/Potential Member Needs Assessment in 2009 to identify perceived current value and needs by visual arts educators. This critical data will inform the planning work of Board and staff as we engage in development initiatives toward ensuring growth and stability.

Over the past year, to ensure organizational viability, cost centers have been established to provide a comprehensive understanding of all NAEA revenue streams and the actual returns on investment (ROI) compared to value as identified through the Needs Assessment. A preliminary financial analysis of actual 2009 costs to fulfill active NAEA memberships at the rate of \$50 per member annually *reveals an approximate loss of \$1.92 per member or about \$35,000 a year.* Further – these costs reflect fulfillment only and exclude the costs to recruit new members and/or retain members beyond renewal notices.

Simply stated, in times of economic prosperity, this challenging situation would make NAEA extremely vulnerable; today's volatile economy exacerbates the Association's financial vulnerability. Such volatility calls for a Plan of Action to study and address this challenge over the next eighteen months through the Delegates Assembly and NAEA Board of Directors, leading to a necessary dues increase.

There are several real assumptions to consider:

- Contrary to popular belief, preliminary study indicates states that have participated in the unified dues agreement have shown steady member growth each year;
- States that have a unified dues agreement (currently 37 plus overseas and foreign) worry about a dues increase – sharing a % of NAEA dues with unified states in the form of a rebate would provide additional non-dues revenue to states eliminating a need to raise their dues;
- NAEA membership will decline – the reality is that since our 23 year old data base has been scrubbed, we now have a real number and solid potential for growth; strategies for refreshing and recasting current benefits and developing and introducing new benefits are informed by the Needs Assessment data and work with state leaders. However, we must plan prudently as membership numbers will likely decline before a growth cycle begins. Research indicates that after a dues increase and an initial membership decline, numbers begin to recover. NAEA

cannot continue to absorb a growing loss and must identify strategies for breaking even for the short-term and realizing a gain as we go forward.

### **Data on Retention Following a Dues Increase**

Marketing General, Inc., a full-service marketing firm that works exclusively with nonprofit organizations, recently conducted a survey of 354 associations to measure effective practices in implementing a dues increase. In this 2009 survey, 59% of associations reported conservative dues increases between 1 to 10 percent; 21% of associations raised dues at a more moderate rate of 11 to 20 percent. The conventional wisdom shared by all survey respondents was that the best philosophy is to raise dues annually by two or three percentage points. Several peer associations have established a policy that provides an annual increase based on a set percentage or cost of living index.

Data also indicates that the majority of associations that increased dues by 1 to 10 percent, showed no adverse affect on member retention. In fact, the data shows that memberships tend to support an increase as high as 11 to 20 percent. Nearly 20 percent of survey respondents reported an increase in membership growth following a dues increase. Based on this study, there appears to be a limit to how far dues increases can be pushed without negative consequences - dues increases of more than 20 percent showed a significant decrease in member retention. NAEA has had two dues increases in 34 years (1975 – 2009); in 1980 dues were increased by 50% and in 1992 dues were increased by 34%. We have yet to uncover data that identifies NAEA’s historical trend following a dues increase. As with any increase, a communications plan that justifies the increase (member value) and provides ample lead time ensures viability.

### **Dues of Comparable Organizations**

American Art Therapy Association .....	\$164
American Alliance for Health, Physical Education, Recreation, and Dance .....	\$135
College Art Association .....	\$120
Council for Exceptional Children .....	\$114
National Dance Education Organization .....	\$95
ASCD.....	\$89
Music Educators National Conference .....	\$79
National Council of Teachers of Mathematics .....	\$78
Educational Theatre Association.....	\$75
National Science Teachers Association .....	\$74
<b>National Art Education Association .....</b>	<b>\$50</b>

## NAEA Affiliates: State Dues

Today's dues structure, listed from the highest dues to the lowest, by state, includes:

<b>State</b>	<b>Active</b>	<b>Associate</b>	<b>Retired</b>	<b>First Year</b>	<b>Student</b>	<b>Institutional</b>
Connecticut	90	90	50	60	30	250
Michigan	80	80	50	65	30	205
Minnesota	80	80	45	40	20	270
Mississippi	80	70	50	60	30	220
Rhode Island	80	80	40	60	30	200
Alabama	75	75	50	58	35	235
Arizona	75	75	55	50	25	195
District of Columbia	75	75	50	65	40	250
Iowa	75	50	35	40	20	200
Kansas	75	68	30	58	35	210
Maryland	75	75	45	60	25	225
North Carolina	75	75	30	60	25	200
Virginia	75	75	45	50	25	250
Delaware	74	74	42	59	27	225
Pennsylvania	74	74	38	54	27	235
Louisiana	70	60	40	50	30	200
Massachusetts	70	60	40	50	30	200
Missouri	70	65	30	55	25	200
New Mexico	70	70	50	60	40	190
South Carolina	70	70	35	55	30	200
South Dakota	70	70	40	60	30	190
West Virginia	70	70	35	50	20	200
Wyoming	70	70	45	55	30	200
Alaska	65	63	30	48	25	200
Arkansas	65	60	35	50	25	200
Georgia	65	60	30	50	25	200
Hawaii	65	70	40	55	25	250
Indiana	65	65	40	50	25	200
Montana	65	65	45	55	25	220
Nebraska	65	58	30	48	25	200
Nevada	65	65	45	55	35	200
Oklahoma	65	65	35	55	25	200
Oregon	65	65	35	50	25	200
Tennessee	65	55	30	55	25	200
Vermont	65	55	30	45	25	200
Washington	65	60	30	50	25	200
Wisconsin	65	55	40	45	25	225

**Overseas and Foreign Contracted**

<b>State</b>	<b>Active</b>	<b>Associate</b>	<b>Retired</b>	<b>First Year</b>	<b>Student</b>	<b>Institutional</b>
Overseas Art Ed	65	65	45	40	20	200
Virgin Islands	60	60	35	45	20	220
<b>Non-Contracted – National Dues</b>						
<b>Non Contracted States (Listed Below)</b>	<b>Active</b>	<b>Associate</b>	<b>Retired</b>	<b>First Year</b>	<b>Student</b>	<b>Institutional</b>
	50	50	30	40	20	170
<b>State</b>	<b>National Dues Active Membership</b>			<b>State Dues</b>		
California	50			50		
Colorado	50			50		
Florida	50			45		
Idaho	50			30		
Illinois	50			40		
Kentucky	50			25		
Maine	50			30		
New Hampshire	50			40		
New Jersey	50			50		
New York	50			50		
North Dakota	50			Unknown		
Ohio	50			35		
Texas	50			45		
Utah	50			15		

## History of NAEA Membership Dues Increases

NAEA's existing dues have been in place without adjustment since 1992 (17 years). While records are somewhat incomplete and it's difficult to thoroughly track dues since NAEA's inception, records generally indicate the following:

- 1947-48: \$1 - During this first year as NAEA was being established, 'regular' dues were paid to each of the regional associations and \$1 to NAEA;
- 1949: \$2 - For an undetermined number of years, paid to NAEA.
- 1975: \$25 – Dues grew to \$25.00
- 1981: \$37.50 - Dues increased 50%
- 1992: \$50 - Dues increased 34%

\*NAEA membership dues have increased only twice in 34 years (1975 – 2009). In 1981, dues increased by 50% (\$12.50) and *states with a unified dues agreement were given a 25% rebate (\$3.12 per member)*. In 1992, dues increased by 34% (\$12.50) without rebates to states. The *1990 Dues Increase Task Force Report* states that the increase over ten years averaged \$1.25

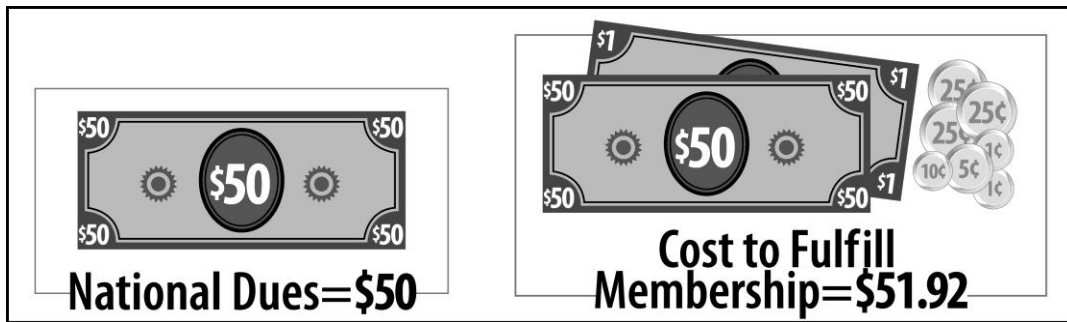
per year. If we used the same logic, a \$15 increase over 17 years would average \$0.88 per year.

### Today’s Cost to Fulfill an NAEA Membership

The true cost to fulfill a membership can be determined using various calculation methods. One generally accepted method includes consideration of the following expenses:

$$\begin{array}{l}
 \text{Production/postage for ID Cards, welcome letter,} \\
 \text{renewal notices;} \\
 \text{Production/postage for member-only publications;} \\
 + \text{ Member Services staff salary and benefits;} \\
 \text{Operational expenses such as telephone,} \\
 \text{Database, and service fees.} \\
 \hline
 \text{Total Number of Members}
 \end{array}
 = \text{Cost to Fulfill Membership}$$

The following graphic highlights the variance in NAEA’s costs to fulfill an active membership – compared to the actual dues collected. In FY09, based on 18,000 members, NAEA spent \$51.92 to fulfill each individual membership. Membership dues, however, remained \$50.00. This results in a loss of \$1.92 on each active member (or a loss of \$34,560 annually).



### Context for Proposed Plan of Action

NAEA Bylaws call for the Delegates Assembly to:

“... review the fiscal responsibility of the membership with recommendations for any changes in dues structure to be made to the NAEA Board ...”

(Article III; section 4)

NAEA Policy (1987 Board of Directors) calls for the appointment of:

“...a Delegates Assembly Fiscal Impact Committee to deal with resolutions and motions that concern NAEA dues and finances to allow for an in-depth study and time span period of one year prior to Delegates Assembly and/or Board action.

The Committee structure and process will include at least, but not be limited to:

- a. Committee shall consist of the four Vice Presidents and chaired by one Vice President;
- b. Both Delegates Assembly and NAEA Board action will be governed by this committee process;

- c. A "Fiscal Impact Study" will consist of interviews with the NAEA Executive Director, NAEA Finance Committee, testimony sessions, poll state associations for responses i.e., questionnaires; and
- d. Produce a written resolution that includes an in-depth rationale, findings, and analysis and recommendations to be presented to the Delegates Assembly for their action during the next year's NAEA convention.