Comparative Dues Study
ACS Industry Benchmarking Program
Membership Dues Policies and Procedures
Study Results

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Introduction and Methodology

McKinley Advisors (McKinley) was retained to assist the American Chemical Society (ACS) with a comparative industry study on policies and procedures related to membership dues and dues increases. The project objective was to obtain actionable information from other industry organizations that will provide insight into effective practices related to how membership dues increases are envisioned, determined, calculated and implemented.

McKinley and ACS collaborated on the development of a questionnaire and a distribution list of associations to receive the instrument. Since the practice of membership dues increases is a relatively universal component of association management (e.g., nearly all associations have policies related to dues increases), the project team decided to gather information from a large sample of organizations so that a wide range of possible approaches could be considered.

The survey was deployed through a variety of channels, including:
- Personal emails to “peer” scientific organizations
- Distribution to a select group of organizations that have participated in other McKinley industry research projects
- Distribution to the Council of Engineering and Scientific Society Executives’ listserv

Ultimately, 71 organizations representing approximately 2.5 million association members participated in the study. With this broad base of feedback, participating organizations can identify the common practices related to membership dues across a broad view of the association sector and determine which approach(es) may prove to be more effective for their own organizations.
Conclusions and Implications

- **Membership dues increases are most often informed by multiple analyses; not “mandated” by the bylaws**
  Most organizations apply a flexible, organic and market-driven approach to determine the frequency and amount of membership dues increases. Many respondents discussed the need to evaluate the overall climate of the association, the marketplace and the value proposition in determining dues pricing. The primary factors of the internal cost to serve a member and the time since the last dues increase are augmented by comparative information and economic studies. These methods would seem to allow for important flexibility in determining exactly where dues are set. Similarly, while only a few organizations report that regular dues increases are mandated in the bylaws, many do consider changes to the CPI as a factor, but not the only factor, in decision-making with regard to dues increases. The timing for evaluating the dues increases varies, as a narrow majority of organizations (54%) evaluate membership dues pricing every year, with approximately one-third having no set evaluation schedule.

- **Most associations lack an overall cost-based approach and typically do not correlate membership attrition to dues increases**
  Less than 20% of respondents indicate that their dues pricing is based on an overarching approach or philosophy to what costs should be covered. Similarly, only a handful of participants responded that they have been able to see a direct correlation between dues increases and historical membership attrition. The fact that dues rates often rise by a small percentage, coupled with a lack of real-time “point of sale” business intelligence tools, means that associations are often “flying blind” with regard to the impact of their membership pricing decisions.

- **International dues amounts are often equivalent to, or less than, domestic rates**
  The survey revealed that while a majority of participants offer the same pricing for US and non-US membership, the main rationale to offer different pricing relates to different benefits being provided to US members and/or reducing international rates to create a more equitable pricing structure based on standard of living.

  - 61% offered the same pricing to US and international members
  - 32% offered lower pricing for international members
  - 7% offered higher pricing for international members

Many organizations follow World Bank classifications or create other structures that align to income levels. As stated by one participant, “we have an income-based dues system. The top tier, over $75,000US, pay $200US. The lowest level, less than $18,000US, pays $40. Many of our international members (especially India, Pakistan, Africa, Arabian Gulf nations, Iran) make less than $18,000US so they fall into our lowest dues tier.”
Survey Results

Participant Characteristics (n=71)

<table>
<thead>
<tr>
<th></th>
<th>All Organizations</th>
<th>Average</th>
<th>80th Percentile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Budget</td>
<td>$1,649,252,391</td>
<td>$23,228,907</td>
<td>$28,000,000</td>
</tr>
<tr>
<td>Dues Revenue</td>
<td>$409,159,856</td>
<td>$5,762,815</td>
<td>$5,525,000</td>
</tr>
<tr>
<td>Total Members</td>
<td>2,455,593</td>
<td>31,657</td>
<td>37,000</td>
</tr>
<tr>
<td>Ratio of US Members</td>
<td></td>
<td>82%</td>
<td></td>
</tr>
<tr>
<td>Ratio of Non-US Members</td>
<td></td>
<td>18%</td>
<td></td>
</tr>
</tbody>
</table>

Most organizations remain largely domestic in terms of membership, with over 82% of members currently residing in the United States.

Dues Amounts: Highest Professional Member Grade

<table>
<thead>
<tr>
<th></th>
<th>Average</th>
<th>80th Percentile</th>
<th>20th Percentile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dues Amounts: US Members</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>$246.77</td>
<td>$348.00</td>
<td>$100.40</td>
</tr>
<tr>
<td>2011</td>
<td>$251.49</td>
<td>$354.00</td>
<td>$102.60</td>
</tr>
<tr>
<td>2012 (projected)</td>
<td>$253.47</td>
<td>$354.00</td>
<td>$102.60</td>
</tr>
<tr>
<td>Dues Amounts: Int’l Members</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>$193.52</td>
<td>$342.60</td>
<td>$77.60</td>
</tr>
<tr>
<td>2011</td>
<td>$197.40</td>
<td>$353.00</td>
<td>$78.00</td>
</tr>
<tr>
<td>2012 (projected)</td>
<td>$200.33</td>
<td>$353.00</td>
<td>$78.00</td>
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</table>

Pricing of membership dues varied widely, but nearly all participants have experienced, and are expecting, very modest annual increases. Dues amounts increased by approximately 2% for both domestic and international members from 2010 to 2011. Most participants (74%) forecast no increase for 2012 dues pricing, with a handful suggesting modest increases or decreases. Note: The above table excludes responses from trade associations.

<table>
<thead>
<tr>
<th>Year</th>
<th>Domestic Change</th>
<th>International Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010 to 2011</td>
<td>1.9%</td>
<td>2.0%</td>
</tr>
<tr>
<td>2011 to 2012 (projected)</td>
<td>0.8%</td>
<td>1.5%</td>
</tr>
</tbody>
</table>
Ratio of Member Dues – US vs. International Membership

<table>
<thead>
<tr>
<th>Year</th>
<th>International as a % of US</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>78.4%</td>
</tr>
<tr>
<td>2011</td>
<td>78.5%</td>
</tr>
<tr>
<td>2012 (projected)</td>
<td>79.0%</td>
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</tbody>
</table>

On average, dues amounts for participants’ full international membership categories are roughly 78% of the domestic amounts. Rationale for the lower pricing is provided on the next page.

Please describe the factors that influence the decision to offer different dues pricing for US vs. non-US membership categories.

Top 3 Themes:

1. The most frequently cited factors for an organization’s decision to offer different dues pricing for US vs. non-US membership categories were the country’s level (low, middle or high) on the World Bank Country Income Classification Scale or another average annual income or GDP calculation for that country. Two respondents said that their lowest dues levels were created for members from countries with average annual incomes less than $18,000 or $15,000.
2. Many respondents stated that higher shipping costs to fulfill publications for international members influenced their decision to create distinct dues levels which include a postage surcharge for international members.
3. A few respondents noted that the decreased value of key functions or benefits of their organization outside the US, such as domestic lobbying efforts or the inability to receive publications, led them to decrease dues for international members.

Open Ended Responses:

- Regional assessments for activities within various regions or countries around the world. We do offer lower priced eMembership for countries where GDP/capita is lower than US $15,000
- A surcharge for shipping a journal is imposed in addition to the membership fee, however, it is made clear that the membership fee is the same for domestic and international.
- Ability to pay full price (discount offered to economically depressed countries), inability to use credit cards freely.
- Based on world bank low, med, high classifications.
- Canadian members fall into our full member category. In the majority of other countries most do not find enough value or cannot afford full dues. International benefits are electronic only.
- Cost of living and practice revenue in the US is higher than those members in other parts of the world.
- Members in most other countries are not paid as well as in the US.
- Higher cost of fulfilling publications.
- International members’ benefits differ from active domestic members. They cannot vote, and they cannot use our logo, which is branded to certification. As such, the public
education assessment, which is $400 of our dues, is a benefit unavailable to internationals. They also do not benefit from advocacy efforts; nor use services such as the call center.

- Less ability to pay member dues, and history of lower dues
- Our US dues are a component of a members overall dues domestically (national-state-local). Internationally, this federated structure does not exist and services are provided directly by national.
- Postage
- Resource-scarce countries are given a price break.
- Services are not delivered at the same level like government relations and research and most material is only produced in English.
- The above question is difficult to answer as we have an income-based dues system. The top tier, over 75,000US, pay 200US. The lowest level, less than 18,000US, pays $40. Many of our international members (especially India, Pakistan, Africa, Arabian Gulf nations, Iran) make less than 18,000US so they fall into our lowest dues tier.
- We do offer a $90 full membership for members residing in low or lower middle income countries based on the World Bank, but it is optional. They only receive the CD Handbook and Digital ASHRAE Journal.
- We have no difference for High Income countries. We do have lower rates for Mid to Low Income countries.
- We offer a Developing Country membership for people residing in countries not on the "high income" category set by the World Bank. It is $45 and does not include the option to purchase any print journals.
- We offer reduced dues for members in lesser developed countries. Our goal is to have a dues structure that allows any qualified person who is interested in being a member to join.
- When the pricing structures were determined we opted to deliver member benefits to International Members only electronically. US based members would continue to receive mailings. Since then most of our printing has been cut. However US Members still receive a bi-monthly magazine.
- While dues amounts are the same for domestic and international, international members (outside the US, Canada and Mexico) pay postage of $70 to receive the monthly magazine in print. In 2010, they had the option of receiving it electronically (PDF) and not paying postage.
- While we offer an e-membership for international members at a price of $125, we also offer full membership to internationals, as well as a joint membership for those that belong to certain organizations in various countries at a 50% reduced rate.
How frequently does your association evaluate membership dues pricing?

A narrow majority of organizations evaluate membership dues every year, with approximately one-third having no set evaluation schedule.

**Does your organization have a philosophy about what membership dues should cover in terms of costs (e.g., dues are set equal to the cost to serve a member and deliver benefits)? If so, describe your philosophy in the space provided.**

While most organizations (82%) do not have a philosophy about what membership dues should cover in terms of costs, several open ended responses provided insight into how dues are calculated.
Top 3 Themes:

1. The majority of open-ended respondents stated their philosophy was that membership dues should equal the various costs associated with serving a member.
2. Two respondents noted that their dues philosophies factored in the cost of dues for competing associations.
3. Two respondents that their dues were set to cover costs and provide some income.

Open Ended Responses:

- Based on value of what is offered which should exceed cost if we're doing our jobs right.
- Current thinking is that our dues must at least cover cost to serve a member.
- Dues are set equal to the cost to serve a member and deliver benefits.
- Dues are set to be affordable, yet provide some income. It is not set based on covering any particular costs (and the philosophy is that it should not be based on costs.) We recover costs in other ways.
- Dues for regular members cover the cost of services requested.
- Dues incorporate basic costs associated with being a member - magazine, shared interest group meetings.
- Dues should cover costs benefits, renewals, staff overhead.
- Dues should cover member acquisition cost and cost of fulfilling benefits.
- I will say that we are looking at diversifying our revenue stream to insure that we are not so reliant on dues.
- Membership dues are the primary source of revenue for the operating budget of the Association.
- Membership dues have never covered the cost of serving a member so we look at non-dues revenue, the economy, employment trends in the profession, our salary survey, inflation rates, competitor/sister association dues, etc. to determine the level of dues.
- Not specifically, but we need membership to sustain most benefits to members as our one other major revenue source is meetings
- Our philosophy is that we've maxed out dues increases for now (reached the top of member thresholds), so if we need more money, we have to find it through non-dues revenue streams or by recruiting more members –not increasing dues.
- We are more concerned with what members will be bear.
- We do not have a philosophy at this time, but are in the process of developing one. We are looking for dues to cover our operating costs, such as the cost to serve members and expenses, such as legal fees, insurance, etc.
- We try to keep our dues rates as close to our benefit costs as possible.
- We try to stay in line with competing associations.
- Yes. Member Value is constantly being evaluated. We include discounts on PPS, magazine(s), education discounts, and conferences, as well as an on-line professional network and Network of video content.
Which of the following best describes the method your association uses to consider and implement membership dues increases?

- 8% Other, please specify
- 31% "Ad hoc" dues increases are considered periodically
- 61% Regular dues increases are included in the bylaws

Similar to the findings above related to the frequency with which dues pricing is evaluated, most organizations are not mandated to evaluate and/or increase dues based on association bylaws. In fact, less than 10% of respondents reported that regular dues increases are included in the bylaws. Respondents selecting, “other” included the following comments:

- Ad hoc basis with series of increase over set period
- Annual review of costs and fees charged by sister groups
- Based on inflation rate
- Board resolution to increase dues annually by CPI
- Board voted on 10% dues increase every 3 years.
- Cost of Living Increments
- CPI index
- Finance committee consideration
- Finance reviews
- Haven’t increased Dues since 1968
- In order to achieve required reserve targets, meet expense demands supported by changes in CPI and provide for unusual significant or extraordinary items prospectively
- Increase with inflation
- Membership Committee and BOD approval
- Only when necessary
- Policy Manual calls for CPI increase annually.
- Policy that states annual dues increase at 2%
- Regular small dues increases
- Reviewed annually
What other factors are considered in determining whether or not to increase dues?

Top 3 Themes:

1. The overall economic climate, including its impact on the industry and association members, is the factor most frequently considered, and was cited by 17 respondents.
2. Seven respondents said they consider the dues levels of other competing associations, increased operational costs and costs per member, and/or additional membership benefits.
3. Other factors respondents consider in determining whether or not to increase dues are the length of time since the last increase, the CPI index and other general budget concerns.

Open Ended Responses:

- (a) The economy and (b) federal funding decisions that affect research scientists. Our members renewals are affected by both (aren’t always related). We have had 4 dues increases in 20 years.
- 1 - membership dues compared to other similar associations 2 - membership survey 3 - member benefits
- Ability of current dues to cover the costs of providing association services
- Association initiatives, economy, member expectations in terms of services.
- Budget.
- Comparison to other professional organizations; discounts afforded for annual meeting attendance
- Consumer Price Index (2)
- Current economic climate (nationally).
- Dues based off of multi factored CPI factor (us, world, emerging economies) as published by the international monetary fund
- Dues increases are based on the CPI change.
- Economic climate, feedback from members, overall budget, cost to join other competing societies.
- Economic impact to membership Continued benefits
- Economic stability of our industry.
- Economy
- Economy, overall health of the organization
- Economy, practice environmental issues,
- Financial analysis versus amount of time since last dues increase versus what market will bear.
- General economy Market basket of member benefits
- General economy, increases in membership benefits
- How long it’s been since we increased dues.
- How the previous fiscal year ended
- If reserves have fallen or are likely to fall below the target by more than 10% or the cumulative change in CPI since last dues increase is 5% or greater
- Increase in business expenses
- Increases in costs
- Industry trends
- Last time adjusted. Member input.
- Membership benefit package increases
- Our board is not compelled to raise dues because our program services revenue has grown significantly in last 8 years and therefore cannot justify.
- Overall budget and need for revenue, also trying to increase dues as benefits increase
- Overall budget.
- Overall economy, growth # of profession, and association budget/strategic plan. 1 year notice required to increase so we need to plan ahead.
- Overall membership numbers, financial state, member surveys
- Overall profit and loss within the budget, non-dues revenue primary sources such as trade show Revenue, association net assets and reserves.
- Overall sustainability of the organization. As well as perceived value, competing organizations and new and enhanced products
- State of economy, budget constraints, costs of other Academy programs.
- State of the economy.
- The finance committee meets annually and decides if a dues increase is necessary to support member programs and services.
- The increase in CPI
- The length of time since the last dues increase.
- The overall economy for our members and census adjustments.
- The strategic business plan and goals set by the leadership determine the budgetary needs for each year.
- Time since last dues increase competitors dues financial strength of association
- Top-end limit for individual dues must be approved by vote of members. Increases that do not exceed top-end limit are at discretion of the board of directors.
- Value...cost to run conferences (formerly a member benefit for free), cost of magazine distribution and printing, additional member value and discounts
- We increased our dues last year when we saw that the cost to deliver benefits was starting to exceed our annual revenue. In the past advertising in our directories (online & print) made up a sizable portion of income but due changing expectations and a poor marketplace, advertising revenue has decline.
- We review membership rates for comparable societies.
- What members are able to pay and if organizations pay for membership or not
- When the year approaches to increase dues, staff and board carefully consider the economic challenges members face versus the cost of society’s business. Try to make the best possible decision for both.
What method(s) are used to calculate the amount of dues increases at your association?

<table>
<thead>
<tr>
<th>Method</th>
<th>Primary Method</th>
<th>Supporting Method</th>
<th>Not a Method</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Analysis of internal costs to serve a member</td>
<td>31.8%</td>
<td>42.4%</td>
<td>25.8%</td>
<td>100%</td>
</tr>
<tr>
<td>Consideration of length of time since last dues increase</td>
<td>29.0%</td>
<td>52.2%</td>
<td>18.8%</td>
<td>100%</td>
</tr>
<tr>
<td>Annual changes in the Consumer Price Index (CPI)</td>
<td>18.2%</td>
<td>30.3%</td>
<td>51.5%</td>
<td>100%</td>
</tr>
<tr>
<td>Economic analyses (e.g., pricing sensitivity/elasticity)</td>
<td>15.4%</td>
<td>52.3%</td>
<td>32.3%</td>
<td>100%</td>
</tr>
<tr>
<td>Comparative dues information from other associations</td>
<td>14.1%</td>
<td>65.6%</td>
<td>20.3%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Most organizations use a multi-faceted approach to determining the amount of dues increases, with analysis of internal costs and consideration of the length of time since the last increase as the most common primary factors. Annual changes to the Consumer Price Index are “not a factor” involved in analysis for over 50% of respondents.
Please describe any other method(s) used at your association to calculate the amount of dues increases.

Top Theme:

1. Three respondents said their dues were calculated based on long-term budget forecasting.
   *Due to the limited number of responses to this question, no other themes were evident.

Open Ended Responses:

- A proposal was made which included suggestions for added member benefits. The suggested benefits were estimated to have a value which was used in part to determine the increase.
- Dues increases are based on what the market will bear. This includes the financial needs of the Association as well as the current economic picture for our members.
- How much is needed to cover our expenses over a three year period
- It is calculated on need for the overall budget. Being cognizant of previous increases is considered too.
- Our dues are actually on a sliding scale based on income; the dues listed in this survey represents an average dues payment per member.
- Projected long-term cash flow analysis for the entire association
- Small incremental increase each year
- The Higher Education Price Index
- We use the census numbers are our members population figures.

Which of the following votes on membership dues increases?

Please select all that apply.

- Board of Directors: 97.2%
- Standing Committee: 16.9%
- Full Membership: 8.5%
- Other, Please Specify: 5.6%

Not surprisingly, the Board of Directors is involved in nearly all membership dues increase decisions, with less than 10% of participants requiring a full vote of the membership.
Is the annualized trend in full, paid membership for your organization over the past five years (2005-2010):

- 49.3% Higher
- 33.8% Lower
- 16.9% Flat

The trend in full, paid membership is growing at nearly half of responding organizations, with only one-third experiencing a declining membership trend over the past five years.

Can you directly attribute historical declines in membership specifically to dues increases? If so, please describe your experience in the space provided.

- 6% Yes
- 94% No

Very few respondents are able to directly attribute historical declines in membership to dues increases, with other factors such as macro-economic conditions and industry-specific trends providing a more reliable barometer as outlined in the open-ended comments below:
Open Ended Responses:

- Declines are more so attributed to the economy and its impact specific to health care and hiring and reimbursement/payment policy.
- Did not increase our dues for many years. When we did a significant increase about seven years ago we lost about 15% of our members.
- Dues amount goes up slightly each year, yet membership continues to grow.
- Dues increases are so infrequent, it is hard to say. Our membership ebb/flow is much more directly related to external economic factors, such as state budgets.
- Economy is the biggest influencer as well as mergers.
- In 2008, we increased dues and experienced significant attrition.
- In fact, we have never seen a downward turn in membership due to a dues increase. The reason that I checked "lower" in the trending question above is due to the economy not a dues increase. Besides this point in time we have always grown.
- It’s tied more to our industry economic challenges and layoffs of professionals in our field.
- More attributable to the challenging economy.
- Our experience with dues increases is that renewals will decline approximately 5-8% the year after a dues increase, but we fully recover within a year.
- Really a combination of economic conditions impacting the income of our members and their companies.
- Yes and no, we have had major increases and big drops, but there were other economic factors at the same time.