



FY22 DUES REVENUE ESTIMATE

TO: MTSBA Member School Boards
 FROM: Lance Melton, Executive Director
 RE: Dues Revenue Estimate for FY2022
 DATE: November 11, 2020

Pursuant to the MTSBA Bylaws, below is a dues revenue estimate for the fiscal year beginning July 1, 2021. The MTSBA Board of Directors has voted on this issue and recommends the membership’s approval of the FY22 dues revenue estimate as presented.

Refresher Regarding How MTSBA Dues are Calculated:

The MTSBA bylaws include a dues formula that is based on total current spending by each member three years preceding the year to which the dues apply. The lag between the year of spending vs. the year of dues to which such spending applies is to ensure that we are relying on audited data submitted by OPI to the National Center for Education Statistics.

The dues formula is largely sensitive to each member’s local funding, providing a decrease in dues when a member’s expenditures drop from year to year and providing an increase in each year when a member’s expenditures rise. If a member’s spending places them in one of the floors, caps or flat rates, the dues for such member change according to the total percentage change in expenditures by all members in the applicable year.

The percentage by which total current spending of all members increased from FY18 to FY19 was 3.42%. That inflation factor has been applied to all floors, caps and flat rates as well as to spending thresholds as required by the Bylaws.

The following is a chart that identifies the various assessment rates, floors, caps and flat rates as specified in the Bylaws. The chart below is in an adjusted form as specified in the Bylaws and is presented for your approval.

FY22 Dues Formula, Formula Change Per Bylaws				
FY19 Spending Low	FY19 Spending High	Assessment	Floor	Cap
\$0	\$385,976	Flat Rate	\$392	\$392
\$385,977	\$2,324,421	0.14%	\$392	\$2,565
\$2,324,422	\$4,636,603	0.11%	\$2,565	\$4,332
\$4,636,604	\$6,870,365	0.09%	\$4,332	\$5,330
\$6,870,366	\$10,863,305	0.08%	\$5,330	\$7,045
\$10,863,306	Above Floor, not 1 of 7 largest members	0.06%	\$7,045	\$13,776
Seven Largest Members	Flat Rate	Flat Rate	\$19,322	\$19,322
Coop Members	Flat Rate	Flat Rate	\$794	\$794

Estimated Dues Revenue Required by the MTSBA Bylaws:

The MTSBA Bylaws provide that I am to “*estimate the financial impact of the formula above upon projected revenue from regular voting member dues for the Corporation in the subsequent year. In making such estimate, the Executive Director shall adjust the floors, caps and flat rates by the same percentage that spending of the membership overall has changed.*”

Once the revenue estimate is complete, it is subject to approval by the MTSBA Board of Directors. Once approved by the MTSBA Board, the dues revenue estimate is presented to the members for their approval. With our flipped schedule for conducting our Annual Meeting, approval or rejection of the dues revenue estimate by our members is being conducted through an electronic ballot distributed to each member school board per the MTSBA Bylaws.

For purposes of estimating the dues revenue for FY2022, I have used OPI’s data set for total current spending for FY2019, which reflected an increase in total current spending by our members of 3.42% from FY18-19:

- FY18 Total Current Spending = \$1.643 Billion
- FY19 Total Current Spending = \$1.7 Billion
- Growth in Total Current Spending, \$\$, FY18-19 = \$56.3 million
- Growth in Total Current Spending, %, FY18-19 = 3.42%

Pursuant to the Bylaws, I have estimated the impact of this growth on our existing dues formula by adjusting the floors, caps, flat rates and spending classifications by 3.42% and by applying the Bylaws-adjusted formula to total current spending of the members from FY19.

On the basis of these referenced calculations, I estimate that MTSBA dues revenue would increase under the adjusted formula by approximately \$34,010, from \$1,020,565 in FY21 to \$1,054,575 in FY22.

1. The increase in dues represents approximately 0.69% of MTSBA’s budgeted revenues for FY21 and this increase, if approved, will help MTSBA meet the inflationary costs of operation in FY22 and continue to provide expanded dues-based services to our members.
2. This projected increase represents estimated membership dues revenue growth of 3.33% and is based on 100% member retention and no member consolidating, dissolving, or quitting between now and FY22.
3. Provided that we experience average growth in overall revenues from FY21 to FY22, I estimate that the FY22 dues will represent approximately 21% of overall revenues.

If you have any questions, please let me know.

Sincerely,



Lance Melton, Executive Director