



TO: MTSBA Board of Directors
 FROM: Lance Melton, Executive Director
 RE: Dues Revenue Estimate for FY2024
 DATE: July 6, 2022

Pursuant to the MTSBA Bylaws, below is a dues revenue estimate for the fiscal year beginning July 1, 2023.

Requested Action: The MTSBA Board of Directors is requested to approve the FY24 dues revenue estimate for presentation to our members for their approval through electronic ballot.

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 FY20 to FY21 (ESSER funds removed from the total of both years) was 1.13% (\$19,377,800 increase in total current spending). 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 they would be set in the bylaws after member approval. The chart below is in an adjusted form as specified in the Bylaws and is presented for your consideration and approval.

FY24 Proposed Dues Formula - Dues Effective July 1, 2023				
FY21 Spending Low	FY21 Spending High	Assessment	Floor	Cap
\$0	\$397,028	Flat Rate	\$403	\$403
\$397,029	\$2,390,975	0.14%	\$403	\$2,638
\$2,390,976	\$4,769,362	0.11%	\$2,638	\$4,457
\$4,769,363	\$7,067,083	0.09%	\$4,457	\$5,483
\$7,067,084	\$11,174,351	0.08%	\$5,483	\$7,247
\$11,174,352	Above Floor, not 1 of 7 largest	0.06%	\$7,247	\$14,171
Seven Largest Members	Flat Rate	Flat Rate	\$19,874	\$19,874
Coop Members	Flat Rate	Flat Rate	\$817	\$817

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.

For purposes of estimating the dues revenue for FY2024, I have used OPI’s data set for total current spending for FY2021, which reflects an increase in total current spending by our members of 1.13% from FY20-21:

- FY20 Total Current Spending = \$1,720,070,700
- FY21 Total Current Spending = \$1,739,448,500
- Growth in Total Current Spending, \$\$, FY20-21 = \$19,377,800
- Growth in Total Current Spending, %, FY20-21 = 1.13%

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 1.13% and by applying the Bylaws-adjusted formula to total current spending of the members from FY21.

On the basis of these referenced calculations, I estimate that MTSBA dues revenue would increase under the adjusted formula by approximately \$16,551, from \$1,074,587 in FY23 to \$1,091,138 in FY24.

1. The increase in dues represents approximately 0.32% of MTSBA’s budgeted revenues for FY23 and this increase, if approved, will help MTSBA meet the inflationary costs of operation in FY24 and continue to provide expanded dues based services to our members.
2. This projected increase represents estimated membership dues revenue growth of 1.54% and is based on 100% member retention and no member consolidating, dissolving, or quitting between now and FY24.
3. Provided that we experience average growth in overall revenues from FY23 to FY24, I estimate that the FY24 dues will represent approximately 21% of overall revenues.

Placing Dues in Context:

The large majority, 79% of what we do, is funded through revenues other than dues. At approximately 21% of our \$5.2 million overall budget, our dues are among the lowest in the nation in terms of the percentage of revenues.

We have approximately \$1.7 million in expenses that don’t generate any revenues for MTSBA, and dues help pay for programs that do not generate revenues but that provide tremendous value for our members. Examples of the categories of expense that do not generate revenues include the cost of operating the MTSBA Board and engaging in COSSBA, member outreach, the cost of

owning and operating the building, advocacy before the Legislature and Congress and the cost of corresponding staff that do not generate revenues but who provide valuable services that are core to our Mission. We make up the several hundred thousand dollar gap between dues revenue and non-revenue generating expenses through fees generated by voluntary member selection of MTSBA services, royalties, and contracts with our Insurance Programs that provide our members with access to extensive fee-free services, all of which have been extensively documented and transparently outlined to our members in the membership value infographic.

If you have any questions, please let me know. We will be working with the MTSBA Officers to determine how best to seek your approval of this dues revenue estimate, which will occur either through a Zoom meeting of the board or an electronic ballot, at the discretion of the officers.

Thank you in advance for reviewing this memo and let me know if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Lance Melton", with a stylized flourish at the end.

Lance Melton, Executive Director