



Gentlemen of the HOD:

Income to the Illinois District comes from two main sources: member dues and convention registrations. Expenses go to many varied places (you are invited to look closely at our budget) but the elephant in the district is the costs for our conventions. We now only hold a single convention per year, and it is by far the biggest “event” as far as the district budget goes. Historically we'd like to see the net (convention income – expenses) be at least non-negative, but with declining attendance and increasing costs it has been a challenge to adhere to this objective. Last year we suffered a \$4000+ loss on the Fall Convention. The previous year was no picnic either. Fact is, when these things happen, everything else we desire to do gets hurt. We end up with a net-negative budget for the year, and that is *not* sustainable. We are on our way to insolvency.

The definition of insanity is “doing the same thing repeatedly and expecting different results”. With the exception of Microsoft Windows, I find that definition to be a universal truth. If we don't do something about this, then we will simply keep bleeding until the district ceases to function. This is not going to solve itself. We must therefore act.

Should we raise the convention registration fee? Or raise the district dues? Certainly just raising the dues will help the bottom line but it still doesn't really address the convention situation. Fact is, we keep trying to balance the convention income and expenses to at least net-out, and then the attendance isn't where we needed it to be and we lose. Raising the convention registration fee would be a direct response to that problem but that can get into a vicious cycle where the higher registration fee actually discourages attendance, making the problem worse.

The board has several times in the past discussed an alternative. This time we believe it is worthy of a wider discussion. It would be an admission that convention costs are a district function and not something that we can just net-out against registrations. We need to do something that *encourages* attendance while also at least somewhat disassociating the convention attendance from the income situation. And that idea is this:

Make our conventions free to district members while proportionately raising the dues.

The obvious take-away here is that by doing this we encourage increased attendance. After all, if one is already “paying for it” anyway, then why not go anyway? Now the corresponding dues increase would not be equivalent to the same change in the registration cost – it should be considerably less. This is because we only have a fraction of the district membership attending, and with the dues increase spread across a much larger set of people the amount of that increase will be smaller than “just” the amount of what would have been the registration fee.

We don't have the exact numbers yet, but that is expected to be ready by the date of this HOD meeting. However, it is worth discussing this concept first before we start dealing with the numbers. Do you believe this is something we should consider? Some pros / cons about this:

- Pro: For district members already attending the Fall convention, the total cost would actually be lower, i.e. free registration + new dues < current registration + current dues.
- Con: For district members who do not attend the Fall convention, the total cost will be somewhat higher, since the member already wasn't paying for a convention registration.



- Pro: The district's income becomes more stable, no longer tightly bound to convention attendance. Convention costs are largely “inelastic” (to use ECON101 terms) compared to attendance so it makes sense that disassociating the income source would help.
- Pro: Making the convention free to district members would help to encourage attendance. Having “too many” at a convention would be a *good* problem to have!

Some other points about this:

- By doing this we don't eliminate all the overhead of dealing with registrations. The badges are important in any case. But the idea right now would be that only district members gets a free registration. Non-members, e.g. spouses, out-of-district attendees, would still have to pay for a registration.
- There are multiple dues categories. Some are currently free (e.g. 1st year youth members), some are reduced, others are the regular dues. The current thought right now is a proportional increase of the dues across the categories. So free categories remain free, effectively extending “free” for that category into the conventions as well.

This idea appears to have some merit, and should be considered. The concept here is not about a justification for “just” raising the dues; rather what we want to do is restructure things to encourage convention attendance while (mostly) getting rid of the tying relationship between registration income and convention bottom line that has repeatedly hurt our budgeting / financial process.

What do you think about this idea?

Mike Isely
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