

TO: House of Delegates
FROM: Dawson Hughes, Susan Kuhlman
DATE: September 4, 2019
SUBJECT: Business plan in support of the 2020 draft budget

Enclosed is the 2020 proposed U.S. Masters Swimming budget designed to support initiatives developed based on the [USMS Strategic Plan](#) . This document provides priorities and goals for 2020.

Among these goals are the following: a new Open Water Strategy to create more member opportunities, streamline the event host experience and reduce costs, Phase III of USMS 3.0 (IT digital transformation); an increased advertising budget to capitalize on the membership pipeline to member conversions and the increase interest in swimming during an Olympic year, a video budget to strengthen our marketing options, greater direct support for local programs, coaches, clubs, and development; expansion of the Local Swim Programs by adding one new location; and continuing to develop the SmartyPants Vitamins USMS Fitness Series that is focused on attracting fitness-oriented members and supporting USMS Swimming Saves Lives Foundation programs.

A 50th Anniversary celebration and a budget to support a transition to Unified Fees nationally are included. Separate documents to explain have been distributed with this memo.

The draft budget bottom line reflects a net operating deficit of \$120K. A deficit budget of up to \$120K was approved by the Board of Directors.

2020 BUDGET ASSUMPTIONS EXECUTIVE SUMMARY

see the full 2020 Business Plan, pages 5 – 11

- Compensation: 8.7% decrease from the 2019 budget and 4.1% below the 2019 forecast. The 2020 budget is lower due to two full-time positions that are eliminated as part of a reorganization of duties by combining Membership Services with Program Services. Also, Events and Partner Support are combined. FTEs (# of full-time equivalent staff) will be 16.3 compared to the 2019 budget of 18.1 (15 full time staff with benefits, 1 part-time plus interns).
- Insurance costs: Is budgeted to be flat for 2020. Any potential increase is offset by the decrease in membership. Effective cost of Insurance is 6% lower when netted with new \$20K Partnership. NOTE: the actual premium costs will be available prior to Convention.
- Membership revenue: 2.0% membership increase over the 2019 membership forecast for a total of 60,874 members. In 2019 the membership budget was for 61,527 members. The national portion of the USMS membership fee will remain at the 2019 rate of \$45 for 2020.
- The USMS-College Club Swimming (CCS) Bridge Membership for 2020 is for 500 members and a fee of \$25.
- Membership costs: New member welcome kits to encourage engagement and higher renewal rates. This is important to implement in advance of summer Olympics marketing campaign with expected increase in new members - \$20K.
- IT/Digital: Continue with Phase III of USMS 3.0 - IT digital transformation project. In addition to continued development of digital benefits possible with the redesigned website launched in 2019, Phase III will involve the research and selection of a new membership relationship management (registration) system. The plan is to begin with the CCS registration. The IT team will consist of one staff web developer and contractor IT leadership and support. New software subscriptions for email services and member community will be in place for the full year 2020.
- Magazine costs: Assume 43% of members choose the digital version of *SWIMMER*. This is consistent with the 2019 rate. Develop new app for *SWIMMER* to improve viewing experience.

Program Services: In 2020 11 instructional weekends will continue with all courses taught during each of the 11 weekends with the exception of a few weekends that don't include ALTS or the Clinic Course.

Program revenues: 1085 clubs and 450 workout groups at \$45 each, 1,654 designated coaches and instructors at \$30 each, 356 coach certification participants, 242 ALTS instructor participants, and 561 stroke development clinic participants. Add second local swim program. Fitness Program and 2nd Regional Program Developer delayed for future consideration. Decrease of \$28K from 2019 budget (+\$5K over forecast)

Program costs: Decrease of \$25K from 2019 budget (+\$15K over forecast.) Fitness Program and 2nd Regional Program Developer delayed for future consideration less - \$15K. Adding a second local swim program, coach mentoring program - \$12K, the biennial National Coaches Conference - \$5K, one coach for Pan American Masters Championship in Colombia - \$4K, and new Business Development Summit for Coaches - \$3K.

Events revenues: Adopt new Open Water Strategy to include the following: Reduce the one event fee (OEVT) from \$20>\$15; decrease annual revenue \$7K, revenue share OEVT with early LMSC Unified Fee adopters - \$5K less revenue. Goals include simplifying the fee structure for event directors, attracting more swimmers (also a goal of event directors), growing our database of potential members and utilizing OEVT data to convert to full membership.

Event costs: Increase \$25K over 2019 budget (+\$30K over forecast). Absorb Club Assistant \$1.50 per participant fee, (request opportunity reserve funds to cover this new \$12K expense as part of the Open Water Strategy) add improved customer service by expanding open water coordinator duties to "one stop shopping" for event directors. Simplify the reporting and movement of revenue for the event director and USMS.

Adv/Partnership: Increase of \$19K over 2019 budget (excluding 50th Anniversary) 17 partners (includes several joint partnerships with USA Swimming and IOA risk manager partnership), 14 magazine advertisers and \$5K in royalties for a total of \$524K. \$50K in value-in-kind products. (+\$2K over 2019 forecast)

Marketing costs: Increase of \$70K over 2019 budget (excludes 50th Anniversary) to take full advantage of an Olympic year campaign. Digital advertising increase of \$20K to utilize new potential member

database for a total of \$94K, multi-use brand essence and promotional videos - \$30K, collaborate with USA Swimming for Aquazone booth at Olympic Trials -\$21K, (+\$92K over 2019 forecast)

- 50th Anniversary Net anniversary celebration - \$12K in expenses. To include: relays with Olympians, upgrades in VIP hospitality during both pool nationals, IMSHOF traveling USMS exhibit and 50th Anniversary poster in *Swimmer*.
- College Club: Assume a 5% increase over 2019 forecast = 160 clubs and a 4% increase in members to 5,700 members. Expenses include a leadership summit - \$12K, national event development and marketing -\$37K and USAS convention-\$4K. For the 20-21 registration year plan to move CCS registration to a new system. (Phase III part 1).
- Admin-Volunteers: Expenses are \$7K more than 2019 budget (+\$8K over forecast.) A new LMSC convention stipend for the Unified Fee adopters is \$30K. The LMSC Leadership Summit is not scheduled for 2020-\$0.
- Admin-National: Expenses decrease by \$8K compared to the 2019 budget (\$10K less than forecast). The headquarters office space was reconfigured and results in annual saving of \$14K. Other expenses increased slightly across all categories.
- Depreciation: \$40K increase over 2019 budget (+\$48K over forecast). This is related to the software amortization of the IT digital transformation project capital investment.
- Capital: Phase III of IT digital transformation. Retire the current back-end registration system and replace it with a member relationship management system and database. The estimated investment for 2020 is \$250K. Partner signage replacement - \$20K and capital equipment replacement - \$10K.

SUMMARY OF 2020 DRAFT BUDGET RATE CHANGES		2020	2019	Change
MEMBERSHIP FEES				
Membership Fees	full year	\$45	\$45	\$0
	partial year	\$28-\$43	\$25-\$40	\$3
CCS Bridge Membership		\$25	\$25	\$0
Club Fees		\$45	\$45	\$0
Workout Group Fees		\$45	\$45	\$0
OEVTs		\$15	\$20	(\$5)
OEVTs- LMSC % early Unified Fee adopters (\$3 of \$15 OEVT fee to LMSC)				
PROGRAM SERVICES REGISTRATIONS				
Coach Certifications	level 1&2	\$190	\$190	\$0
	level 3	\$205	\$205	\$0
Stroke Development Clinics	members	\$50	\$50	\$0
	coaches	\$45	\$45	\$0
Fees - Designated Coach & Instructor		\$30	\$30	\$0
Adult Learn to Swim Instruction		\$250	\$250	\$0
EVENT/SANCTION CHARGES		Sanctioned or Recognized		
Pool Meet	sanctioned	\$50	\$50	\$0
Pool Meet	national championship	\$5 per person	\$5 per person	\$0
Pool Meet (changed in 2019 \$12>\$17)	national championship	\$17 event surcharge	\$17 event surcharge	\$0
Pool Meet	recognized	\$100	\$100	\$0
Open Water Swim (max charge= \$1K)	sanctioned	\$100 plus \$5 per participant	\$100 plus \$5 per participant	\$0
Open Water Swim	sanctioned national championship	\$5 per, +\$3 surcharge	\$5 per, +\$3 surcharge	\$0

ASSUMPTION DETAILS AND BUSINESS PLAN SUPPORT FOR 2020

MEMBERSHIP SERVICES

- The budget assumes a 2.0% increase in overall 2020 membership, based on the 2019 forecast. USMS will end 2019 with approximately 59,680 members. The national membership registration fee of \$45 will not change.
- The Year-Plus Membership Campaign will start again on July 1. The cost per month will be \$3 more per month than in 2019 with a similar \$5 sliding discount each month through October. LMSCs again have the option to adjust their fees accordingly to further improve the value proposition to register through the

following membership year. This will provide an improved value proposition for registering for the following full calendar year.

- July = \$43; August = \$38; September = \$33 and October = \$28.
- This is the second year of the USMS CCS Bridge Membership. Assume that 9% of the CCS swimmers will opt for the Bridge Membership; \$25 fee x 500 = \$13K.
- Membership revenue budget is \$43K less than the 2019 budget. The 2019 membership forecast of 59,680 is 3% lower than the 2019 budget. The 2020 budget includes a 2% increase in membership over the 2019 forecast.
- Membership Services, IT, and Administrative staff time are allocated to programming, accounting, service, communication, maintenance, and safeguarding of the in-house registration system and the membership database.
- Office IT services required system maintenance, Sitecore and Verint (community) support are outsourced and contracted -\$48K.
- Implementation of a new member welcome packet - \$20K. In 2016 the Olympic year renewal rate for new year plus members was 30+% lower than the renewal rate for other members. The welcome packet will inform and acquaint new members with USMS offerings for better engagement and potential higher renewal rates.

Member Services Support (team of membership, programs, marketing and events staff)

Provides member benefits, customer service, communication, and engagement for members and extensive volunteer network, including supporting the efforts of USMS's 1,500 plus Masters Swimming clubs and workout groups and 52 LMSCs. In addition, they also provide many of these services to support CCS. The staff is responsible for day-to-day operations that cover customer service, registration, volunteer and member communication, the planning and coordination of the USMS annual meeting at the USAS convention, publishing and printing of the Rule Book and issuance of certificates of insurance, on an on-going basis. Their support function will expand in late 2019 with the addition of a new email service and member community software.

- **Membership Services** primary responsibility is servicing and supporting our 65,000 plus members (USMS and CCS) including athletes, volunteers, coaches, and event directors year-round. They develop and execute member campaigns targeted to increase both new and renewing membership goals through phone, email, text, survey and contest campaign efforts. They are also coordinating the updates for USMS Club Finder, USMS Gold Club and the Calendar of Events database.

Volunteer Services provides training to enhance volunteer roles for LMSC leadership and foster strong communication and best practices so that USMS volunteers have the resources they need to support the membership. Training includes the following: creation of tutorials and phone and email support.

Event Services support and connect Partners, event hosts and member participants. This past year the staff focused on working with volunteer stakeholders to create a new Open Water Strategy to increase the number of open water events and opportunities for members. In 2020 they will be implementing and supporting the new strategy and results database.

IT focus for 2020 (Digital Transformation)

- The third planned phase of the USMS IT digital transformation will begin in 2020. This phase consists of retiring the current back-end registration system and replacing it with a member relationship management system and database. The investment for 2020 is estimated at no more than \$250K in capital but is dependent on timing and size of initial scope. An RFP will be sent out late 2019. This will be done in two parts. The first part is to implement a new member registration system for CCS. This will give the staff and programmers time to thoroughly learn the system with a subset of the membership while building the larger scope of work for the entire registration system. Part two is the implementation of the new registration system for all USMS memberships.
- During the 3rd and 4th quarter 2019 a new email system is being phased in that will improve customization of information to our members. Currently, we have two separate e-mail communication systems, one for marketing and one for transactional emails. Members have the option to receive all emails or opt out of all emails but are required to opt out of both systems, creating confusion and a poor experience. We also don't have the capability for members to choose the types of communications they would like to receive (i.e. event information, membership information partner information, etc.) We will continue to enhance member communication and engagement with the new email subscription functionality. Using one database and marketing e-mail system will allow us to keep pace with ongoing changes to database marketing (i.e. spam) regulations - \$18K.
- In 2020 expand the functionality of the new member community software that will be implemented in 4th quarter 2019. This on-line community is an additional way to engage members to enhance their user experience in a secure environment and to streamline their login process by using their My USMS information. It replaces and updates the following: forums, group communication, online coach workouts and possibly member profiles. New functionalities will include: digital badging (e.g. recognition for completed events, distance thresholds, etc.), reviews, article commenting and social sharing. The annual cost is contracted at \$20K and is made up of software maintenance. (Note: additional \$20K in annual depreciation)
- Club 2.0 ([Club Finder](#)) will be fine-tuned when the 2020 club registration window is open in late 2019. This will allow USMS to gather greater details on USMS clubs and workout groups and connect our national marketing strategies directly with member clubs. Accurate and detailed club information will be available to prospective and current members that are looking for a Masters' club. In 2020, work will continue to improve usage and functionality. In 2019 the club functionality

along with the new digital trial membership form was used to implement an extensive Try Masters Swimming Week campaign.

- Swim.com was implemented in 2019 and in 2020 will continue to be improved and enhanced for the member user experience and engagement.
- Encourage legacy LMSC websites on the USMS server to move to the new LMSC website template. New Mexico and North Dakota have been launched and several other LMSCs are considering the new template. In order to sunset our legacy servers we will be requiring all LMSCs, for which we are hosting a website (not using the standard LMSC website template), to move to a professionally managed hosting vendor. Some LMSCs have already done this and cost was immaterial and provided more robust functionality.

COMMUNICATIONS AND PUBLICATIONS

- Our Communications and Publications business unit produces six issues of *SWIMMER* magazine, 30 issues of *STREAMLINES*, video content, regular features to usms.org, and social media programs. In addition, event communications surrounding our national events, including 10 pre-event email updates and the meet programs, are managed and produced in-house.
- Assume that 43% of membership will opt to receive the digital version of *SWIMMER*. The 2020 budget - \$243K. Included in the budget is a digital savings of \$107K compared to 100% paper magazine.
- A new mobile app will be developed to improve the digital delivery of *SWIMMER* - \$10k

PROGRAM SERVICES

- In 2020 the budgeted fees for club and workout groups are equal to the national member registration fee of \$45. This is the same as 2019.
- Continue with the educational weekend structure that began in 2018.
 - Strategically schedule 11 education weekends in larger hub cities throughout the U.S.
 - Combined coach certification levels 1-2, level 3, clinic course for coaches, ALTS classes and stroke clinics in each location. (Level 3 is offered in limited locations.)
 - Overall budgeted attendance for 2020 is 1160 participants for all classes.
 - Increases the opportunity for course variety and networking in one location.
- Program Services will continue its outreach initiative by making club visits and presenting at five or more conventions with strategic partners.
- The Adult Learn-to-Swim (ALTS) instructor certification program will conduct five classes under a separate USMS Swimming Saves Lives initiative that will be available to communities that may not have a Masters' program but have a demonstrated need in the community to teach adults to swim.
- 2020 initiatives:
 - Coaches Committee: coach mentoring program-\$12K, one coach to Pan American Championships in Colombia-\$5K

- The National Coaches Conference is scheduled for 2020 and will be supported by a collaboration between the Coaches Committee, LMSC host and staff
- Business Development Summit for Coaches-\$3K (plus \$7K in outside grant support not in budget.)
- Local Swim Programs- second program will be added in 2020. In 2018 the City of San Diego Masters swim program was begun where swimmers and facilities are located but lacked a formal masters swimming program structure and leadership. USMS will assume the financial risks during the establishment of the new program(s).
- Regional stroke clinics run by staff/contractors. Four clinics are planned in 2020. These regional clinics will be scheduled in addition to the 11 education weekends.

EVENTS

- Adopt new Open Water Strategy to include the following:
 - Reduce the OEVT from \$20>\$15;
 - Revenue share 20% of OEVTs with early Unified Fee adopters -
 - Enhance event customer service for event director by expanding open water coordinator duties.
 - Other changes to include allowing registrations to start before the membership year that the event is held, open water workout guidelines, more focused event marketing, a planned sales effort to win back events that no longer sanction with USMS, and partner engagement.
 - Net change of -\$21k
 - USMS to absorb the Club Assistant \$1.50 per participant fee-\$12K expense, (request opportunity reserve funds to cover this new expense as part of the Open Water Strategy)
- In 2019 the open water results database will be implemented. In 2020 will continue and enhance has needed.
- The Fitness Series budget is under Swimming Saves Lives and not included in this budget.

MARKETING SERVICES

- The 2020 revenue budget is \$19K over the 2019 budget (excluding 50th Anniversary) 17 partners (includes several joint partnerships with USA Swimming), 14 magazine advertisers and \$5K in royalties for a total of \$524K. \$50K in value-in-kind products used to support ongoing programs.
- The USMS digital footprint will continue to expand through use of Google and Facebook advertising. The goal is to successfully drive membership leads from the new customer experience software; through the process of registering for membership. In 2020, a potential member list (database) will be created from

individuals who visit and read our content but are not members. The benefits of joining USMS will be marketed to this group through email campaigns and digital ads. We will also use this budget to advertise our events and [Gold Clubs](#). The budget for the membership digital advertising campaign is \$94K.

- A video production budget of \$32K is included in the 2020 budget to produce multi-use brand essence promotional and instructional videos. These will be used in conjunction with the new website, email, and community software to promote and engage members and potential members. Note: 2015 was the last time USMS invested in professionally produced promotional/brand videos.

50th ANNIVERSARY

- The overall net budget is \$12K in expense.
- LOGO: used on website, rule book cover, merchandise
- IMSHOF Exhibit: USMS and CCS Nationals, Trials, USMS Annual Meeting, and possibly Pacific/Other Annual Meetings
- Spring Nationals: VIP, Social, Relay Fundraiser
- Summer Nationals: enhanced VIP experience
- Content: SWIMMER (poster), Web, Social

COLLEGE CLUB

- In 2020, the goal for USMS is to continue to unify these clubs into a national community, to help the clubs grow and to become the organizational backbone so that more swimmers continue to swim through college. USMS has begun to engage with these swimmers at the college club level with the goal of creating a pipeline of future USMS membership.
- The USMS CCS bridge membership had a soft implementation for 2018-19. In 2019-20 this membership will be offered during the same timeframe that they are joining the CCS clubs. This membership will encourage the CCS swimmers to swim in USMS events and follow a path to full membership after graduation. The revenue is included under membership.
- The CCS revenue budget for 2020 is \$72K and consists of fees for 160 clubs. These clubs are budgeted to register 5,700 swimmers. The college club membership begins on Aug. 15 to coincide with the beginning of their swim season. This revenue model is based on the number of members per club instead of the individual members. The program was developed to fit within the recreational college sports structure.
- The USMS CCS Nationals will be held at Greensboro Aquatics Center in 2020. This is the second year that the CCS board collaborated with USMS to plan and award nationals. Revenue of \$6K for this event is budgeted for timing and merchant card fees.
- Expenses for CCS include the following: college club leadership summit - \$12K; national event development and marketing - \$37K; and attendance of three delegates to the USAS convention - \$4K.

RISK MANAGEMENT AND INSURANCE

- Risk management and insurance services partner changed as of July 2019 to Insurance Office of America (IOA). IOA charges USMS a flat, non-commissionable annual management fee to provide risk management and insurance brokerage services. Risk management programs include expanded insurance coverage, an online sanction database, a national-level event compliance review and a waiver.
- New programs offered through IOA include an on-line customized marketplace (new member benefit) and a new partnership.
- The draft budget includes the actual premiums through Sept. 30, 2020 and no increase beginning Oct. 1, 2020.
- The insurance premium year is from Oct. 1, 2019 to Sept. 30, 2020.

ADMINISTRATION VOLUNTEER REVENUE

NOTE: background information, including the history of the concept, the benefits of moving to a single USMS membership fee nationally, an overview of the proposed transition plan are available in the [Unified Fee Memo](#) which include [definitions](#) and [FAQs](#), which can be accessed on the [2019 USMS Annual Meeting site](#). The information below is specific to the 2020 budget and doesn't provide the full context of the Unified Fee. There will also be a presentation during a session of the House of Delegates to provide more detail.

LMSCs that wish to opt-in to a national unified USMS membership fee may voluntarily do so for 2020. The unified USMS membership fee is \$60 and is comprised of the \$45 national fee and a \$15 LMSC fee, of which a \$3 contribution will be committed back to the national budget by agreement of the LMSCs that are opting in to the unified fee.

Over time, the vision is that the USMS Membership Fee will be set at \$60 with 20% (\$12) of the fee distributed to LMSCs. The \$3 voluntary commitment to the national budget for 2020 is a mechanism to allow LMSCs that wish to begin a possible transition to a unified fee now, to do so. The LMSC \$3 contribution will be eliminated if/when the unified USMS Membership Fee is implemented.

- The \$3 LMSC contribution, which is budgeted to total \$90,000 for 2020, is to be utilized by USMS as follows:
 - Direct Benefit (to LMSCs that voluntarily opt-in for 2020): \$30,000 of the funding is specifically allocated to pay LMSC hotel accommodations at the Annual Meeting for those LMSCs who voluntarily opt in to the unified fee.
 - Indirect Benefit (to all members): The remaining \$60,000 permits USMS to fully invest in 2020 initiatives for the benefit of all the membership including: increased support for local programs, coaches and clubs; an Olympic year advertising budget; new instructional and marketing videos; and the new Open Water strategy.

ADMINISTRATION VOLUNTEER EXPENSE

- The Convention expense increased by \$30K for the LMSCs that adopt the national Unified Fee for 2020.
- Off year for the LMSC Leadership Summit. Next scheduled for 2021.
- Volunteer budget expanded to include one new committee: Diversity and Inclusion Committee.

ADMINISTRATION NATIONAL

- New multi-year office space lease agreement was signed that resulted in decreased square footage. Annual savings - \$14K
- Other expenses increased slightly across all categories.
- Note: due to the significance of the depreciation budget, it is presented separately from the Administration National budget.

DEPRECIATION

- The increase in the amortization (depreciation expense line) due to the implementation of Phases I, II and the planned CCS portion of Phase III of the IT software digital transformation capital investment - \$152K. This is a \$40K increase over the 2019 budget.

CAPITAL REQUESTS

Per FOG, the threshold for capitalizing any equipment purchase is \$5K.

- Phase III of the long-term IT digital transformation plan is scheduled for implementation in 2020. The expenses for Phase III in 2020 are estimated to be no more than \$250K depending on timing and initial scope.
- Replace partner a frame and feather signs- \$20K
- Placeholder for equipment replacements - \$10K.

COMPENSATION

- 2020 compensation is budgeted to decrease 4.1% compared to the 2019 forecast and 8.7% compared to the 2019 budget.
- Staff full-time equivalents (FTE) are reduced by 1.8.
- Restructure of staff
 - Combined the Membership Services with Program Services
 - Events staff are now managed with Partnerships.
 - Some additional IT functions are outsourced to contractors. This allows for flexibility as we move into Phase III of and our IT needs change.

FTE: Staff by Department	2020 Budget	2019 Forecast	20 Budget vs 19 Forecast	2019 Budget
Administration	4.0	4.0	0.0	4.0
Communications/Publications	1.4	1.4	0.0	1.7
Membership/LMSC Support	2.7	3.2	-0.5	3.2
Marketing/Partner/Event Support	4.2	3.7	0.5	3.2
IT Support	1.0	2.0	-1.0	2.0
Program Services	3.0	3.0	0.0	4.0
Total FTEs	16.3	17.3	-1.0	18.1

Metrics from the Compensation and Benefits Committee

Changes in Payroll Budget from 2019 Budget to 2020 Proposed Budget:

In 2019 two budgeted positions were vacant for part of the year. There was a shift in one position from IT Support to Marketing as the marketing staff takes a lead role with marketing technology (i.e. website and digital marketing). One full-time position in Communications/Publications transitioned to part time.

The 2020 budget assumes 15.35 filled positions, decreased from 17.7, and that all other non-intern positions are filled for the full year.

I. Merit Increases:

Merit increases are awarded by the CEO based on individual employee performance and organizational metrics. The merit increase program provides flexibility to increase salaries when promotions take place, reward employees for performance, ensure salaries are aligned with similar jobs in the labor market to retain staff. The merit pool in the 2020 proposed budget is 3% of base pay, the same merit pool percentage as in recent years. The merit pool reflects the Compensation and Benefits Committee recommendation based on market data reviewed by the committee. The CEO uses organizational metrics and individual job performance to determine merit increases. In 2019, the full pool of merit increase budget was not utilized, primarily due to the reduction in overall membership.

II. Health Benefits Costs:

USMS received estimates for 2020 benefits changes from Trinet, our benefits provider. They have estimated rate changes will add 10% to health care and other benefits costs. As with the salaries mentioned above, we have budgeted benefits for all eligible positions for the full 2020 plan year. [Note: A marketing review of our Professional Employment Organizations (PEO) including RFPs from 3 alternative providers was

completed in 2018. After reviewing alternatives, it was determined that Trinet continues to have the most competitive, rates, benefits and services.]

III. Overall Compensation and Benefits Budget:

The total proposed budget, including compensation, benefits and taxes, is \$1,651,300 which includes a 11% increase in health insurance and 3% salary merit pool, an 8.7% decrease from the 2019 approved payroll budget. The Compensation and Benefits Committee has reviewed the assumptions used by staff to construct the budget and agree the assumptions are appropriate and aligned with market trends.

2020 Budget Assumptions



Draft
2020 Budget

Guidelines Regarding use of SSLF Donations and Departmental Operations

2020 Budget Proposal: This budget includes three departments under the Foundation umbrella: Program Operations, ALTS Instructor Courses and Events. [Note: National Office Staff time spent on SSLF initiatives such as staff program administration, office space, etc. is viewed as the organization’s contribution to the Foundation).

In addition to the three departments, annually the BoT reviews the established formula for determining the funds to be made available for grants, amounts used for next year’s program operations and contributions to the reserve fund. Some of these amounts are adjusted to meet the BoT goals for grant awards.

GRANTS

2019-2020 Cycle Overview and Recommendation:

2018 Donations

(available to 2019 grant applicants for 2019-20 grant cycle): \$130,770

10% to be Transferred to Reserves: (\$13,077)

15% Program Operations (\$19,615)

2019 Grant Funds Available before adjustments: \$ 98,078

Add 2018 returned grant (+\$3,600) plus 2018 operating surplus (+\$22,396) \$ 25,996

2019 Grant Funds Available: \$124,074

The BoT has the option to increase the amount of funds available for Grants by reducing the amount Transferred to Reserves, utilizing any surplus generated in the prior year from the SSLF Departmental P&L (i.e., the three departments discussed below), and using other items (i.e., Grants Returned) impacting funds available.

Total funds made available for grants in the prior year was \$132,500 based on donations of \$149,705. Total donations received in 2018 were ~\$18,000 less than the prior year as noted above. Further, donations made to SSL for the first six months of 2019 are 30 percent less than 2018. Thus, the level of grants provided in the past cannot be sustained. Therefore, despite the large 2018 operating surplus, SSL has recommended to the USMS Board that making an amount of \$109,000 available for Grants would be prudent based on the reduction in donations versus previous years. Once the annual donation amounts stabilize, the BoT may consider utilizing reserves to increase Grants above the donation base.



Draft 2020 Budget

Per SSL Financial Guidelines approved 8/25/2017: *The Swimming Saves Lives Foundation, in conjunction with their review of the annual budget proposed by the USMS CEO, will consider placing up to 10% of annual donations into Reserves. The reserves will be considered in the event of a drop in annual donations (e.g. economic downturn) that limits the Foundation's ability to maintain consistency in providing grants and programs that support the mission. These funds could also be used if a new project is identified that meets the criteria of the Foundation mission. The USMS CEO will recommend a dollar amount as a percentage of annual donations (not to include event or ALTS instructor certification revenues) up to 10% of donations. This recommendation will be presented by the CEO and evaluated by the Foundation Board of Trustees in advance of the USMS Annual Meeting.*

DEPARTMENTAL OVERVIEW

PROGRAM OPERATIONS: includes all direct program expenses (e.g. t-shirts, caps, goggles, program banners, thank you letters, bag tags, on-line fundraising platform, etc.)

The revenues to cover program operations expenses consist of the 15% program calculation from the prior year's contributions and an annual grant from the Central Indiana Community Fund equal to 5% of the principal balance.

The 2020 draft budget includes SSL branded merchandise as follows:

- Grant program participants: goggles and caps-\$11,800
- T-shirts for the grant program volunteer instructors-\$2,500
- Annual bag tags for supporters that donate \$25 and over-\$2,500
- Banners for grant programs-\$2,300

ALTS INSTRUCTOR COURSES: Includes stand-alone ALTS Instructor Certifications courses (e.g. not held in conjunction with USMS Coach Certification weekend) to support underserved communities with high rates of non-swimming adults and grant program educational opportunities. The purpose of these classes is to educate instructors to be able to teach adults, not to generate revenue. The goal is to breakeven on the cost of these classes. If there is any shortfall, these classes will be made whole by using SSLF fitness event net proceeds and net Program Operations proceeds. The draft budget includes a net surplus of \$3,715 from these courses.

EVENTS: In 2020, the Fitness Event Series will be held with the goal of attracting non-competitive fitness swimmers with convenient and fun events. The net proceeds from these events will go to the Foundation, and additional fundraising initiatives will be promoted around at least one of the Fitness Events. The draft budget includes a net surplus of \$3,080 from this series.