



August 26, 2022

To: USMS House of Delegates
From: Peter Guadagni – President, Dawson Hughes – CEO,
Guy Davis – Finance Committee Chair, Teddy Decker - Treasurer
RE: 2023 Membership Fee Recommendation

Summarized in this memorandum are recommendations for member and club fees for 2023.

There are numerous assumptions that go into projections (e.g., membership growth, inflation, labor costs, projected expenses, staffing needs, other revenues, potential new programs, etc.). Increases in membership fees are not taken lightly, and a great deal of analysis has gone into this recommendation.

This recommendation has been vetted and [endorsed by the Finance Committee](#) and is proposed in conjunction with the [2023-25 annual meeting recommendation](#) and overall business plan assumptions (see the [background on both recommendations](#) for additional context). The fee recommendation is a balanced approach to USMS's financial, strategic, staffing, governance, and volunteer engagement needs to best serve our membership. The fee increase aligns with inflation since the last change to membership fees. Since 2019, 32 LMSCs have had no change in membership fees. Of the remaining, fees increased for members by less than \$5 in 11 LMSCs and members in four LMSCs saw their fee decrease in 2020.

2023 Member and Club Fee Recommendation:

Members:

- Nov. 1, 2022–Dec. 31, 2022 – discount early fee \$65
- Jan. 1, 2023–Oct. 31, 2023 – standard fee: \$70
- July 1, 2023–Oct. 31, 2023 – Year-Plus: \$45 (+\$70 for 2024) = \$115

Clubs/Workout Groups:

- Oct. 1, 2022–Oct. 31, 2022 – discount early fee: \$65
- Nov. 1, 2022 – Sept.30, 2023 – standard fee: \$70

LMSCs will continue to receive 20% of the total USMS membership fee:

Members:

- Nov. 1, 2022–Dec. 31, 2022 – discount early fee: \$13
- Jan. 1, 2023–Oct. 31, 2023 – standard fee: \$14
- July 1, 2023–Oct. 31, 2023 – Year-Plus: \$9 (+\$14 for 2024 fee) = \$23

Clubs/Workout Groups:

- Oct. 1, 2022–Oct. 31, 2022 – discount early fee: \$13
- Nov. 1, 2022 – Sept.30, 2023 – standard fee: \$14



Rationale:

- a. 2022 inflation of 8%—9%
 - i. Inflation in 2023 is projected above historical norms
 - ii. Early fee - increase of \$5 is an 8% increase
 - iii. Standard fee - increase of \$10 is a 16% increase
 1. Cumulative inflation since last fee increase (2019) of 17%
- b. 2022 projected net operating income (before depreciation): **(-\$320k)**
- c. 2022 year-end projected reserves: \$3.6 million (down \$375k from prior year)
- d. 2023 projected net operating income with fee increase: **(-\$260k)** (before depreciation)

Projections:

- a. Three-year membership projections, corresponding fee, and membership growth percentage
 - i. 2023 - 60,000 \$65/\$70 7.5% (based on 2022 projected membership)
 - ii. 2024 - 62,500 \$70 4%
 - iii. 2025 - 65,000 \$75 4%
- b. Return to break-even budget with realistic membership growth (projections are approximations with numerous variables that need fine-tuning)
 - i. 2023 net operating income (before depreciation): **(-\$260k)**
 - ii. 2024 net operating income (before depreciation): **(-\$50k)**
 - iii. 2025 net operating income (before depreciation): \$0k

Summary of Fee Proposal and Fiscal Outlook:

1. The unified fee of \$60, which was set for most LMSCs in 2018 for the 2019 membership year (and fully implemented in 2019 for the 2020 membership year), will be set at \$70 for 2023.
2. Members joining or renewing prior to Jan. 1, 2023, will receive a \$5 discount to \$65.
3. The \$70 fee represents a 16.6% increase over four years and is slightly less than consumer price index inflation over the same period.
4. Assuming no unexpected changes in the economic environment, the intention is to leave the fee at \$70 in 2024. But continued expected inflation projections suggest another increase to \$75 may be necessary in 2025.
5. Based on this fee trajectory, the best current assumptions, and adoption of the three-year annual meeting plan, projections indicate a nearly break-even 2024 budget and a break-even or positive budget in 2025. In this model, any necessary deficit spending could be prudently funded from investment reserves.