



2011-2012 Proposed Budget Q & A*

Income:

Q: The FY10-11 budget projects education income at \$1,708,055. The actual education income for half of the fiscal year (July - Dec 2010) stands at \$717,557 - less than half of the projection. What data suggests the education income for Jan - June 2011 will be \$990,498? Is that level of anticipated income based on classes that are proposed to happen? Or a sudden interest in online courses? I ask because, for example, our own chapter's Property/Asset Management courses 701 and 703, although scheduled for late March, currently only have 3 participants registered. Under normal circumstances, those courses would be cancelled due to lack of interest.

Even if they are held, the income is going to be miniscule. I also understand that the online courses are not "catching on" as greatly as was hoped. If the increased education income relies on online course participation, what data suggests this will happen?

A: Total income for the period July 1 – December 31, 2010 represents 90% of the amount budgeted for the first half of the fiscal year. December was a particularly light month of education programming, with 13 chapter classes conducted. We are about to enter the strongest part of our education year with 179 chapter classes scheduled for March, April and May 2011 alone and 421 classes total scheduled for the fiscal year. Income was budgeted on a class average of 16 and our actual experience through December was an average of 15.6 participants per class. We believe our chapter centric approach to scheduling classes that our members need for credentials will result in stronger class participation and fewer cancelled classes overall. So far this fiscal year we are experiencing a lower class cancel rate, compared to last year for the same period. Facilitator clinics will also resume next fiscal year.

Online education is meeting expectations, exceeding the budget target of \$138,867, an 86% increase over last year at that time, with 437 online participants, compared to 230 in fiscal year 2010. Online class participation continues to increase overall with 18 online courses currently available and 4 more coming on line this year, including C100, the core course for our generalist career path. We believe online education will continue to grow, through the availability of more classes and demand driven by shrinking travel and education budgets. We also believe the education needs of the 550 members who declared candidacy for the SR/WA designation last October will drive income in a positive direction.

Q: The FY10-11 budget projects membership income at \$1,720,022. The actual membership income for half of the fiscal year (July - Dec 2010) stands at \$848,783 - less than half of the projection. What data suggests the membership income for Jan - June 2011 will be \$871,239? Is there evidence that members are renewing, or there is a sudden influx of new members?

A: Membership income for the period July 2010-December 2010 is based on actual income received as part of the 2010 membership campaign, where we retained 91% of our membership. We ended our 2011 membership renewal campaign at 88% of our 90% member retention target and believe that we will realize the additional 2% through working closely with chapter membership chairs as we launch our "We Want You Back" campaign in April.

We averaged 67 new members per month through local new member campaigns January-December 2010 and for the two months of January-February 2011, have averaged 78 new members per month through chapter campaigns. We have also seen an influx of new members through agency memberships, bucking the trend of reduced membership from government agencies.

Q: For the FY11-12 budget, the membership income is projected to be even greater. What data suggests that, not only will there be no net loss of members, but that we will gain an additional 1,000 members to make the projection seem reasonable? From where are these new members coming?

A: The proposed membership budget for 2012 includes six months of a \$10 per member increase in membership dues and the marketing budget request has been increased to in turn increase new member marketing to LPA's and consultant companies.

Q: Is there an understanding of why merchandise sales are projected to drop? Item 4490

A: Income from goods sold now only includes IRWA branded pins and plaques. All wearables have been outsourced to Lands End.

Q: Sponsorship income is budgeted the same as last year however last year dropped about 30% from the year before. Is there an issue regarding sponsorships? Item 4677

A: 2010 Conference took place in Calgary and we experienced a very positive influx of local sponsorship. We expect sponsorship in Seattle to be similar to this year's event in Atlanta.

Q: We are projecting an increase of approximately \$90,000 in revenue from other seminars and conferences. \$59,000 is shown to be for "Young Professionals Group". The narrative says this event is revenue neutral but I do not see the \$59,000 in the expense side. Item 975 total

A: Expense for the 2012 Young Professionals Event is consolidated in the Seminars & Conferences Expenses total of \$617,571. The total projected expense for the Young Professionals Event is \$59,110, netting a small surplus.

Expense:

Q: Why has building operation increased 2.7 times since the '09-'10 actual? Item 597 total

A: Building operation reflects one year of full expense in the new building. Two years ago, we were leasing space for nine months, which was reflected in Administrative Expenses as Rent-Office.

Q: Why are we curtailing our agency liaison effort? Item 6710

A: Our agency relationships have grown into partnerships and we meet with our federal partners regularly through web conferences, events in D.C. and IRWA committee meetings, allowing us to travel less for the specific purpose of maintaining those relationships.

Q: Why do we have 50th anniversary travel in our '11-'12 budget? Item 6745

A: Chapters celebrating their 50th anniversaries occasionally request a member of the IEC to visit their events.

Q: What is the Annual Conference expense in item 6825? It seems like the conference expenses are covered in other items.

A: We track the specific expenses of IGC travel to Annual Conference in this line, similar to the bulk of the travel lines for our education committees.

Q: Please explain Bank charges and credit card fees. Item 7100

A: These are the service charges for the processing of credit card purchases made by our members for IRWA education programs and meetings and bank service charges.

Q: Why is depreciation accelerating at such a high rate from '09 to 2011? Item 7200

A: This line item primarily reflects the depreciation of new office furniture and equipment.

Q: I would like a better breakdown explaining the proposed 2.6% payroll, benefits and pension increase in the FY11-12 budget. As a person who is not only subject to continuing mandatory furloughs (a 5% reduction in pay) into the next fiscal year, but potentially an additional 5% reduction in pay for the upcoming year, I question a proposed budget that indicates an increase in payroll. In virtually every state of the union, continuing payroll reductions are the norm. What accounts for HQ's payroll increase? (Particularly if the projected income doesn't come to fruition.)

A: The Society for Human Resource Management reports that U.S. salary budgets for 2011 show an increase, according to The Conference Board annual salary budget survey report, released July 13, 2010. For the second straight year, the median salary increase budget in 2010 was 2.5 percent. Projections for 2011 show an increase to 3 percent.

It is difficult to compare public and private organizations since the IRWA uses a "pay for performance" reward system. All merit increases and spot awards are based on successfully accomplishing the goals of the association, vary by staff member and must be re-earned every year. Given the strong financial position of the IRWA, the high level of member satisfaction and increasingly collaborative nature of staff working with region and chapter leadership, it makes good business sense to retain experienced staff and continue to increase productivity through the use of technology, offering better service to members without increasing headcount.