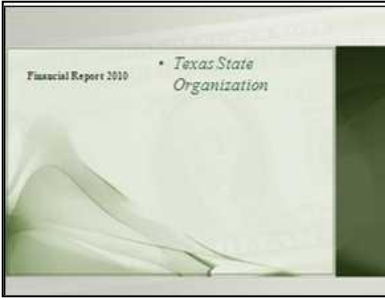


Notes ~ Money Matters Where People Count



Slide 1 - The purpose of the available fund is to pay the operating expenses of TSO. It would be comparable to the checking account you maintain to pay your bills. The source of income for this account is the dues collected each year from members. It is the ONLY regular source of income for this fund other than some interest on investment. The outlook for the available fund is grim. In a time of drastically declining membership we are facing an increased cost of doing business to support our programs, staff, volunteers and building. Member of the finance committee listened in 2008 when you said "Don't raise dues because a state dues increase on top of the significant dues increase from international will be too much of a burden". So

we cut \$32,000 in expenses and balanced the budget using the savings of this fund. At the time, we warned that accumulated savings would not be large enough to balance the next budget without significant growth in membership.



Slide 2 - The good news is that, as of 5/1/2010, we had added 774 members. The bad news is that we did not maintain our membership base. This year our membership decreased by 1375 members of which only 99 were due to the death of a member. Therefore the finance committee anticipates recommending a state dues increase when it presents the 2011-2013 budget next June. Looking for additional ways to cut expenses will continue to be part of the process – however because our yearly budget deficit is so large and the cost of doing business continues to rise it is unrealistic to think that we can erase a \$50,000 yearly deficit by reducing expenses alone.



Slide 3 - Each request to increase or decrease a line item of the budget has to be translated to dollars and cents. Money matters – so we look at the "cents" of each request. Our plan is to build a dues increase based on specific need with a sound rationale – we do not intend to just "pick a number"



Slide 4 - At our current membership level of roughly 10,000, a \$1 increase in dues brings in roughly \$10,000. If you do the math we would have to start a dues increase at \$5 just to erase the \$50,000 yearly deficit and balance the budget at the current spending levels. So what would the process of building a dues increase look like using requests you have made of the committee in the past. You have said, "We need to pay back the scholarship fund". Well - how much a year? For every \$1000 we pay back a year we would need to build in .10 cents to a dues increase



Slide 5 - You have said, "We need to Increase the mileage rate we pay for state personnel to travel to conduct state business". Currently, we pay .25 cents a mile. For every nickel we raise this amount we would have to build 65 cents into a dues increase.



Slide 6 - The Finance Committee says, "What do we do about those general expenses that keep rising above our best attempts to control them." For each % these items increase a year we would have to build in 7 cents. So what do we predict will be the % these costs will rise for the next biennium? 3% - if so, we must build in 21 cents. If we project over a longer period of time the increase would be even higher.



Slide 7 - You have said, "We need to offer cost of living increases to our staff". We would have to build in 17 cents for each biennium we wanted to offer a 3% increase in salary.



Slide 8 - You have said, "We need our Area Coordinators to visit each chapter in their area once a year." Currently AC's are paid travel costs to visit your chapters once a biennium. To offer the opportunity for them to visit each chapter once a year we must build in 70 cents.



Slide 9 - What cents can we make of suggestions to reduce spending?

You have said, "We can't continue to pay for convention meal costs for state personnel" If we no longer pay 75% of the cost of convention meals for state personnel – that would save 48 cents.



Slide 10 - You said, "We should go electronic with all issues of the LSN". If we send the remaining issues of the LSN electronically – that would save \$1.80 (90 cents for each issue).



Slide 11- No note.



Slide 12 - The decision making process that goes into creating a budget would be easy if we only considered “cents” The way the finance committee looks at it Money Matters – Where People Count. We know the decisions we make impact each member and that a state dues increase is a burden to a segment of our membership.

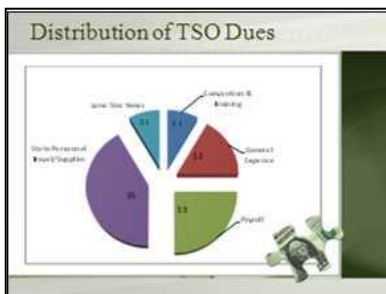


Slide 13 - What do we have to weigh when adding cents? or saving cents? as we build this dues increase. We have to use another kind of sense – the kind that is part of the word sensitivity. Each one of these “costs” in cents whether added or saved has a very human implication. Add in every cent someone feels is necessary and we lose members. Don’t add in cents to pay your volunteers or staff enough for their time and expenses and you don’t keep them or risk limiting those that can be involved in leadership positions. Don’t add in cents to pay back the scholarship fund and your accountant and many members become unhappy. Don’t add in enough cents for cost of doing business increases and you find yourself having to borrow money to pay your

bills. Don’t add in cents to mail the LSN news and you risk losing touch with those that cannot receive it electronically

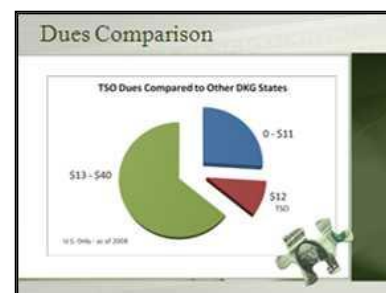
We believe that our best chance of retaining our members in the face of a dues increase is to engage them in the process of building the increase and solicit their best ideas and opinions. To solicit their two cents, so to speak.

On the TSO website you will find the following resources you can use to educate your members on TSO finances. Encourage them to question and ask – not just react to this information.



Slide 14 – Resource #1 -This is how the current state dues of \$12 is allocated in the budget. The largest commitment of your dues dollars goes to support state personnel and staff as they conduct the business of the state. Next they go to paying general expenses associated with operating our building, insurance, postage, professional fees, phone, utilities, building maintenance etc.

The budget which is posted on-line offers more specific information on these categories – if that isn’t sufficient contact a member of the finance committee or Betty at headquarters. We are prepared to explain what makes up these numbers.



Slide 15 -- Resource #2 - How do the dues we pay to TSO compare to the state dues paid by DKG members in other states. Members in 32 states pay more in state dues than TSO members. Only 13 pay less. Phyllis Hickey, Business Services Administrator at Int’l headquarters, provided the information from which this chart was compiled.



Slide 16 - Resource #3 is a graphic representation of the history of TSO membership numbers and dues assessments since 1986.

The membership graph was prepared using data compiled by Sandra Smith Bull from membership records at international headquarters. The dues graph was prepared using data compiled by Barbara Rountree from TSO historical documents .

Texas State Organization Active Member Dues – A History

Prior to 1982 dues for all DKG states were the same and were sent, along with the international dues portion, to international headquarters. The staff there then sent each state their portion. (Be careful – those of you nodding your heads are dating yourself if you remember this fact)

In 1982, states were allowed to set their own dues amount. At this point Texas dues were \$7. And Texas membership was close to 19,000. AHHHHH the good old days! Anyway.....

Over the next 14 years dues remained at \$7 but membership eroded 9% so in 1996 Texas dues were increased to \$10

Over the next 9 years dues remained at \$10 but membership eroded another 23% so in 2005 Texas dues were increased to \$12

Texas dues have remained at \$12 for the last 5 years but membership has eroded another 24%.



Slide 17 - This is the single most important document you can use to help members understand why we are facing a dues increase next year because they show that:

1982 to 2010

Texas State Organization Dues Increased by \$5

Texas State Organization Membership Decreased 58% (over 8,000 members)



Slide 18 - We need every ones “Two Cents” to build a dues increase that is sensitive to the human impact.

In large group and small group discussion format we hope to begin the dialogue on TSO Finances with our finance chairmen and treasurers. We invite you to join us.



Slide 19 – No notes. The end.