

# QUESTIONS AND ANSWERS ABOUT THE PROPOSED DUES INCREASE

## 1. When was the last dues increase?

The last dues increase took place 14 years ago in 2005 with Class A Members dues increasing by \$74; B-8 Associates by \$55 (all other associates +\$70) and Life/Retired Members +\$25.

## 2. How does the fee structure relate to other Sections?

The CPGA currently has the 7<sup>th</sup> lowest dues. The proposed dues structure would move us to the 15<sup>th</sup> lowest, still well below the national average.

	<u>CPGA (current)</u>	<u>CPGA (proposed)</u>	<u>National Avg.</u>	<u>Highest</u>	<u>Lowest</u>
Class A	\$299	\$329	\$368	\$600 (Jersey)	\$170 (Kentucky)
Associate B-8	\$150	\$180	\$304	\$600 (Jersey)	\$115 (Gulf States)
Life Member/Retired	\$75	\$100	\$134	\$300 (Utah)	\$ 25 (Minnesota)

## 3. How will the increase benefit the Carolinas Section and me as a member?

The Section will be able to provide a continued high level of member services, drive more benefits to your local area, expand growth of the game initiatives, and eliminate PGA facility pro-am sanction fees while allowing the board and staff to continue programs that will benefit the Section, PGA REACH Carolinas Foundation, and you as a PGA Professional.

## 4. How did we come up with the amount for the new dues structure?

The Board of Directors and staff have always been prudent in its fiscal management of the section. Yearly evaluations of business trends, budget preparations, capital asset valuations, and review of our five-year financial projection (inclusive of inflation) were thoroughly analyzed. As the current plan was formulated, we projected the revenue shortfall and adjusted the dues structure accordingly.

## 5. What are the major factors contributing to the current dues increase?

Aging Membership: With the aging CPGA membership, the Section has many active Class A members (currently paying \$299 in dues) transferring to Life/Retired Member (\$75 dues). For each CPGA member that retires it results in \$224 less section dues. In recent years the number of Carolinas Retired/Life Members has grown from approximately 260 to over 400 – a 140 person difference. Hence our total dues revenue has declined from a high of \$504,000 to approximately \$468,000 in 2018 – despite the total number of members and associates being relatively flat.

Elimination of Individual Facility Pro-Am Sanction Fees: The Board of Directors supports the Tournament Committee's proposed tournament rules and regulation amendment to eliminate Individual Facility Pro-Am Sanction Fees (\$8 per player) and incorporate that loss of revenue (approximately \$37,000) into this proposed dues increase resolution.

Inflation: With current revenue line items projected for flat or declining growth and annual expenses/inflation rising approximately 2% a year, a dues increase is necessary to maintain a balanced break-even budget.

## 6. What are we doing to control costs?

During the past three years, expenses have been justified and cost-cutting measures have been implemented such as participation in the PGA of America Administrative/Accounting program to eliminate local professional fees for accounting/tax (\$40,000 savings), creating a CPGA membership app with real time directory to eliminate the printed handbook and mailing costs (\$23,300 savings), and the section renegotiated a long term agreement for the SUPER SHOW (formerly Big Week) at the Greensboro Coliseum and Awards Dinner at Greensboro CC (\$16,000 in savings and added benefits – free parking). The Board will continue to closely analyze revenues and expenses going forward.

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- 7. Why can't the investment fund be used to offset a dues increase, and does the fund have an adequate current balance?**

The fund is in place for financial protection in case of emergencies, and capital improvements and acquisitions. The Section is still dependent upon sources of income which we cannot control (e.g., PGA TOUR Qualifying, corporate partnerships, CPGA Merchandise Show, etc). The Section annually withdraws 4% of the investment fund balance to subsidize board approved member benefits and services. Prudent business practice controls stipulate the need to secure enough in a contingency fund for 12 months of operating revenue. The current investment balance is adequate to meet these objectives.
- 8. Why are we increasing the Associate and Life Member dues when these are the Section members who often times can least afford it?**

The Board believes the modest increase for Associates and Life Members is justified by the numerous benefits available to these categories. The dues for both of these classifications will still be significantly below the national average.
- 9. Have all the avenues been researched in regard to revenue streams for the Section?**

Yes. Generating alternative revenue sources remains a priority for the Section. Current Officers and executive staff continue to explore additional opportunities. Sponsorships have grown by nearly 60% in the past three years, and the staff will continue to maximize corporate funding for tournaments, education, and other programs.
- 10. When would the increase go into effect?**

This year, in conjunction with 2019-2020 annual dues cycle payable on June 30, 2019.
- 11. Would it be possible to step this increase in dues on a year-to-year basis?**

The proposed dues increase is to maintain a break even balanced budget in 2019. The board is evaluating a smaller nominal annual dues increase in future years to keep pace with inflation.
- 12. Does any of this increase go to National?**

No, 100% of the dues increase directly provides benefits to the Carolinas Section.
- 13. Is it true that each Section receives financial assistance from National?**

Sections receive \$180,000 in annual Association Development Program (ADP) Funding from National. It is important to note that each Section receives the same level of funding. Therefore, the smallest section, Central New York, with 161 members and associates receives the same level of funding as the largest section, Carolinas, with our 2,043 members and associates. The Carolinas Section continues to lobby for this model to change and include a "per member" ADP funding component.
- 14. With the elimination of sanction fees, will members still need to submit the same paperwork for individual facility pro-ams?**

Yes. The section will still provide many of the same services for approved sanctioned events, only there will no longer be an \$8 per player fee charged to the host facility.
- 15. What is the plan for dues going forward?**

The Board will continue to update the forecast annually and will inform the membership on our financial standing at each Annual Meeting. Adjustments will be made to the annual budget as needed, and any future dues increases will be subject to the approval of the membership via a resolution at the CPGA annual meeting.