

**American Radio Relay League
Proposed 2012-2013
Plan**

ARRL, INC.
The National Association for Amateur Radio

2012-2013 Plan

TABLE OF CONTENTS

| <u>Section</u> | <u>Page</u> |
|------------------------------------|--------------------|
| <u>Summary</u> | 2 |
| Summary | 3 |
| Financial Projections | 20 |
| | |
| <u>Department Plans</u> | 34 |
| Sales and Marketing | 35 |
| Publications | 43 |
| Business Services | 45 |
| Development | 48 |
| Controller | 52 |
| Information Technology | 53 |
| Washington D.C. | 56 |
| Media & Public Relations | 57 |
| Membership and Volunteer Programs | 58 |
| Education Services | 65 |
| Volunteer Exam Coordinator | 68 |
| Lab | 73 |
| | |
| <u>Capital Acquisitions</u> | 75 |
| Capital Expenditures | 76 |
| | |
| <u>Staffing</u> | 82 |
| Staffing | 83 |

SUMMARY

ARRL, Inc.
The National Association for Amateur Radio

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Summary

To: ARRL Board of Directors

The Administration and Finance Committee met on November 19, 2011 and, after discussion with ARRL Senior Management, voted unanimously to recommend the 2012-2013 Plan as contained in the following report to the full Board of Directors for ratification.

The ARRL management team is pleased to present for your consideration our recommendations and financial projections for 2012, with initial projections for 2013. Included with this summary are discussions, by individual operating segment, of the respective plans and goals for each unit. We are also including the financial projections in two forms. One is the projection “by function” that we report internally on a monthly basis and the second is a more traditional income statement projection.

Where are we so far in 2011?

At the beginning of the year, we were skeptical about reports from a few people that predicted 2011 would be a year of recovery from the recession that the country had been mired in for more than two years. In fact, in our plan for 2011 we stated:

..... As noted above, there are still concerns about the economic recovery. At best, it will be a slow recovery as no one seems to have produced the magic elixir for the country's economy. Unemployment is still at 9.6% and there are hundreds of thousands of people who have stopped looking for work altogether that aren't counted in these statistics. On top of that, the results of the mid-term elections are likely to lead to legislative gridlock. Amateur Radio is a discretionary activity, and while it has been counter-cyclical in past recessions – anecdotally, the result of people having more time while still having a bit of discretionary income – radio amateurs are part of a population that feels less wealthy because of the decline in real estate values and greatly reduced interest income, and less confident of being able to enjoy a comfortable retirement.

At the time, we highlighted our reluctance to provide more positive financial projections combined with our belief that there were certain programs that needed to be funded, even though it would reduce the potential overall, financial bottom line for the organization.

Despite the reports from some economists and government agencies, most Americans believe that we're still in the throes of an economic recession and the

signs of a significant turnaround in the coming year are simply not there. We don't believe it would be prudent to plan for financial results that would be contrary to that assumption. As such, we approached 2011 planning with some caution. We continue to believe that the approach we took in the 2010 Plan, that of striving for a better than break-even result, is still appropriate, especially in an era of significant uncertainty. However, in 2011 it is also necessary for us to invest in future programs, and in particular one that is geared to future financial growth. As a result, the planned income from operations for 2011 is not as substantial as that planned for 2010.

In looking back on the year so far, we see that many of our assumptions turned out to be correct. Unemployment, although down slightly from the levels of 2010, is still at 9% at this writing. The stock market, as measured by the Standard and Poor's 500 Index, has fluctuated up and down this year and was down about 10% at the end of the third quarter, although October was encouraging. Attempts to stimulate the economy have not produced the desired results and the debt crisis in Europe has kept the global financial markets in turmoil. All of these have tested our historical belief about the ARRL and its ability to thrive in times of economic difficulties. These things have also produced effects that have tested the revenue sources of the organization as well. As we noted last year, even through what was considered a better year, financially, for the country, when people *feel* poorer, our results can suffer. And with the roller coaster of financial events so far in 2011, everyone's ideas about stability, recoveries and recessions have been sorely tested.

Based on our assumptions for 2011, we projected a year in which we would generate almost \$14.6 million in revenues, a slight increase over the prior year. With this, we also projected income from operations of almost exactly break-even. This was as much about our conservative assumptions for the year as anything and, given our results to-date, is probably a good projection for the end of the year. We are exceeding our financial, bottom line, objectives because of under budget spending than any better than expected revenue results. In fact, there are increasing signs that there will be no revenue growth in our major revenue sources in 2011. This trend is one of our larger assumptions, and concerns, for the coming year as well. In addition, as discussed later in this report, on top of the flattening of our revenues, we are looking at a year in 2012 where there are some significant, one-time expenditures which we need to plan for in our resource allocations. So far this year, publication sales are running behind our expectations, advertising sales are ahead of target as are program fees which are up as a result of activity in DXCC. Membership is about where we expected although dues revenues have fallen behind our targets. Adding to our concerns is that the number of new licensees has also not met our expectations so far in 2011 although it is now stabilizing, albeit at a level that is below the peak of two years ago. This obviously is a significant pool of potential new members for the organization and a metric which we need to watch carefully going forward.

And, as you have seen historically, the financial results in the fourth quarter of any year play a large role in how we finish on the bottom line. 2011 is no different and, although we are currently running ahead of our bottom line goals through the end of the third quarter, we don't believe we will maintain all of the favorable variance through the end of the year.

All of this is a harbinger for what we expect to face in 2012. As you will see in the coming pages, we are not projecting additional revenue growth in the coming year and this, coupled with existing commitments for programs and resources, has put a strain on our overall planning for the near term. We had to make some difficult decisions about which activities to fund in the coming year and which ones to either reduce or not to undertake.

While we have been carefully monitoring the financial results in 2011, this is not the only measure of the organization. While not a perfect record, we have made progress in other areas and these should be recognized.

- The kick-off to the Second Century Campaign was announced, albeit somewhat quietly, at the donor reception in conjunction with the Dayton Hamvention. ® The Committee for the campaign has been formed, met at HQ in August and work is proceeding to identify and begin contacting significant targets early in the campaign. As an implementation step in the planning for the campaign, we added a new position in the Development Department, Individual Giving Manager, which was filled by Lauren Clarke.
- As a strategy to help revive publication sales by expanding our potential offerings, we added the new position of Book Editor to the staff in the Editorial Department and Becky Schoenfeld joined the staff in July.
- Under the guidance of the Board and Administration and Finance Committee, staff has made steady progress on the digitization of QST magazine and introduction is now scheduled for the second quarter of 2012. There are still some technical issues to be resolved but so far, we have not encountered any “show stoppers” in this project.
- Having gotten past many of the initial issues surrounding the web site in 2010, we began adding functionality in the form of several user forums which are now up and running. While the activity in these areas was slow at first, we are beginning to see more participation the longer they’ve been up and running.
- With the Administration and Finance Committee, completed the recommendation for the termination of the ARRL Defined Benefit Pension Plan and, after approval from the Board of Directors, implemented several steps in the process for official termination of the plan on November 1, 2011. Filings are being prepared for the Internal Revenue Service and appropriate investment allocations have been made to help reduce the impact of any market fluctuations on the final distribution amount.
- Produced a very successful ARRL Expo at the 2011 ARRL National Convention in Plano, TX.
- The flooring in the Lab was replaced which now eliminates any original floor tiles that contained asbestos. In addition, the Outgoing Mailroom received a long needed facelift.

- We are fully staffed for the first time in recent memory which has allowed us, among other things, to bring the DXCC backlog under control despite the addition of a new DXCC entity (South Sudan).

While the Information Technology Department was affected by the mid-year resignation of Jon Bloom, KE3Z, Michael Keane, K1MK, has picked up where Jon left off and has taken over the responsibilities of running this important functional area. Certain projects that Jon had been working on, specifically improvements to LOTW client side software and the user interface, will be delayed. However, Jon has offered to work on these on a volunteer basis and we are currently negotiating the work with him. In spite of this, several projects have been or are scheduled for completion before the end of the year including:

- VUCC was officially added to Logbook of the World and the new application was introduced in the first quarter of the year. While the response has not been as overwhelming as initially anticipated by some, it should help promote this award in the future.
- Converted all the ARRL e-mail lists from the Lyris system that had been increasingly problematic to the Mailman program which has been running very well.
- The alpha version of the Remote DXCC Entry software has been delivered to the internal users for testing and, after working through their comments, will be rolled out to a select group of external users for beta testing. We expect this to be ready for public consumption before the end of 2011.
- The long standing project to connect the e-store smoothly with the back-end accounting software is also back on track and expected to be completed by year-end as well. This will help eliminate some data entry in the Sales & Marketing Department.

Strategic Objectives for 2011

As requested by the Administration & Finance Committee, quarterly summary reports have been provided throughout the year on major projects including the strategic objectives selected by the Board for implementation during 2011. All of these are ongoing efforts that will continue beyond the end of the year.

A4. Improve member awareness of IARU activities and issues via ARRL media.

During the past year we have used the theme of WRC-12 to highlight the IARU's contributions to spectrum defense in four issues of *QST* and of *Spectrum Defense Matters*. Forums were conducted at the Dayton Hamvention, the ARRL National Convention in Plano, and the Alabama State Convention in Huntsville. The subject will continue to receive attention through the end of WRC-12; then we begin all over again for WRC-15.

B2. Provide a Web-based means for members to share knowledge on a timely, yet formal basis.

Forums were implemented on the ARRL website on July 20. As of November 23 there had been 847 posts on 251 different topics, with many thousands of views. Staff chimes in when

appropriate, but it is encouraging to see how often members will post information for one another.

C1. Make ARRL the “gold standard” for volunteer emergency radio communications training.

The basic EmComm course, EC-001, was updated and launched on a new platform in April. Integration with our website was very successful; registrations are essentially problem-free. A self-study manual has been published and is available through the ARRL Store. Work on a major new publication, the *Emergency Communications Handbook*, has proceeded more slowly than expected and the book’s appearance is now not expected until mid-2012.

D1. Develop web-based instructional videos produced by staff and members on technical and operational topics.

Video production and editing equipment has been purchased (at less than the budgeted cost) and is operational. It was used in the production of a short tutorial on why amateurs should oppose one provision of HR 607. It is also used for monthly productions of “Product Review” and “Now Hear This” website features. Available staff time limits the new uses to which the equipment can be put.

E5. Achieve a cohesive relationship between the ARRL and its Foundation.

This is being addressed in conjunction with the launch of the Second Century Campaign.

F1 & F2. Develop more effective materials and processes for use by clubs, volunteers and staff with potential hams and members.

Interdepartmental efforts so far have yielded some new presentations added to the website and improvements in the club and hamfest sections of the site. A new promotional piece about amateur radio for youth is being produced. Editing of a new video, *The DIY Magic of Amateur Radio*, has been completed and is about ready for release.

All in all, 2011 has been a busy and productive year so far. There are still things we can accomplish before the end of the year and certainly plan to do so. Financially, our overall position is sound, but we have lost value in our portfolio of investments as the market has dropped since the beginning of the year. Through significant estate gifts to the endowment, the level of investment income used for operations has continued to rise, however and this will provide some additional financial resource in the coming year which will help offset the loss of investments when we finally terminate and distribute the pension plan.

2012.....the slowdown continues

Simply stated, our outlook for the coming year is one that includes little or no growth. From the experience of 2011 to the continuing low expectations for any economic recovery in the country, other than sunspots there is really no basis from which to be terribly optimistic about the next 12 months and we don’t feel it would be appropriate to base any resource projections on significantly increased revenues as a result. Unemployment is still at 9% and there is no significant economic growth predicted. The global debt crisis is affecting the markets in this country and values are bouncing up and down on a daily basis. Coupled with everything else

going on in the global economy, this is just another reason to dampen any expectations for the near term.

From an Amateur Radio perspective, the signs are not all that encouraging either. The number of new licensees is down in 2011 and we don't expect to see any improvement in 2012. Although we had expected a total of 29,000 new licensees in 2011, through the first nine months of the year, slightly more than 18,000 have come on board and we now anticipate 23,000 by yearend, the lowest number since 2006. As a result, we are projecting a total of only 25,000 new licensees in 2012.

Reports from the Amateur Radio industry are not much better. For the first time in recent memory, the Amateur Radio business community is feeling the impact of the economic downturn. There doesn't seem to be the "reverse" effect we've seen in other recessions. Concern in the industry is growing about 2012 with some advertisers rethinking their strategies for the coming year. Some Japanese manufacturers have raised their prices substantially, apparently in response to the strong yen and relatively weak dollar. Major manufacturers have cut back on their co-op advertising programs and reports from retailers are that profit margins on radio hardware continue to shrink. These conditions cannot continue for any extended period of time.

The impact on the ARRL is obvious. New licensees are one of the necessary factors to grow the organization and the revenues that come from advertising and wholesale book dealers comprises over one-third of our total revenues. Given these circumstances, we do not believe it is appropriate to project significant increases in revenues in the coming year even though taking this approach will result in additional pressure on our allocation of resources to programs and services. For 2012, we believe this is the most prudent course of action for the organization and is reflected in the following assumptions.

Although the number of new licensees is expected to be slightly more than the current year, we are projecting that we can increase the membership slightly again in 2012. Based on where we expect to finish 2011, we are projecting a growth of 1.1%, ending with 159,609 at the end of the year. This results in an increase of 1,962 in the number of new members in the coming twelve months. While the percentage increase is slightly more than we've projected in recent years (roughly 1% per year), we think we can achieve this result with our combination of targeted promotions, both mail and e-mail. In addition, we believe we will see an increase in members as the result of offering the digital edition of QST beginning in the middle of the year. Most of this increase, however, will come in the second half of the year, and likely mostly in the fourth quarter, so we will not see a concurrent increase in dues revenues until 2013.

Projections for total revenues in 2012 are for a total of almost \$14.5 million, which is basically the same as what we had projected in 2011. What differs is the composition of those revenues. Decreases from the planned 2011 revenues in the areas of publication sales, membership dues are combined with no increase over 2011 in advertising revenues. Offsetting this are projected increases in the level of program fees and investment income. We are also projecting a slight increase in voluntary contributions as well. All in all, these various factors result in no real growth in revenues.

Total spending is projected to increase only about 0.8% from the budgeted levels of 2011. This is an increase of only \$112,000 over what we had planned to spend in the current year, effectively no increase. The issue, as you will see, is that the cost of some things continues to rise despite any efforts on our part and this limits our ability to allocate resources to any new programs or activities. A variety of things like benefits, postage and the full year cost of staff additions all contribute to increases in total spending. Compounding this are commitments already in place for 2012 to participate in and support activities like the World Radiocommunications Conference and another ARRL National Convention. All of these are activities that have been included in our spending estimates for 2012. In addition, because we cannot insure that the organization will be able to replace the retiring Treasurer in-kind as our investment manager, we have increased the cost of having our portfolio managed to 75 basis points which adds almost \$100,000 annually to your cost structure.

All told, between no increase in revenues and a small increase in total spending, we are currently projecting a financial loss of approximately \$70,000 in the coming year. Normally, we would not make a recommendation for a financial loss but we believe that 2012 is an unusual year in that we have a significant amount of one-time expenses. In addition as is discussed later in this report, **we are not recommending any dues increase** despite not having had one in ten years. We firmly believe that the coming year is not the time to do this but we do believe that a dues increase will be appropriate soon, perhaps in 2013. Otherwise we will be entering our Centennial Year of 2014 either with a substantial deficit or with noticeable cuts to programs.

Strategic Objectives for 2012

The Board has chosen the following strategic objectives for implementation in 2012. Some of the descriptions have been rephrased from the wording adopted by the Board in 2009 for the sake of clarity.

B1. Make more content available in multiple media and platforms.

The introduction of digital *QST* online is the principal means of addressing this objective. Using the freedom provided by this medium, we plan to expand *QST* content beyond what can be conveyed in a limited number of printed pages. This expansion will be gradual and we will be careful not to promise more than we can deliver with the available resources.

C4. Improve national media and public relations exposure for Amateur Radio public service and emergency communications, not limited to traditional print and broadcast media.

We are placing particular emphasis on training our field public relations volunteers and on bringing them into closer contact with the emergency communications volunteers. The good work of amateurs often goes unreported because those doing the work, understandably, place a higher priority on doing than on reporting. Others need to shoulder that burden without getting in the way.

E3. Implement procedures to improve organizational efficiency, making the continuous effort to improve efficiency a permanent element of the League's corporate culture.

The scope of services provided to ARRL members and the Amateur Radio community has expanded greatly over the years while the size of the staff has been reduced. Our 2002 staffing

plan called for 116.3 Full Time Equivalent positions on the ARRL staff. The 2012 Plan calls for 101 FTEs to provide a wider range of services to the same number of members. That said, there is always room for improvement and the objective to make it a more visible part of our organizational culture is well taken.

In addition to HQ departments working on this, the Field Organization volunteers will be invited to suggest ways in which their operations could be made more efficient. It is not just staff time that is a finite resource; volunteer time is at least as precious and should be devoted to activities that really matter. The objective is to constantly seek and implement ways of serving members better with the resources available to us.

F4. Identify non-traditional routes of entry into Amateur Radio and develop effective uses of this information.

“Non-traditional routes” include but are not limited to other avocations for which ham radio would be a logical add-on. DIY is the best example we have identified so far. New challenges face the new generation of radio amateurs but there are also new opportunities. For example, re-urbanization is a significant trend affecting the lifestyle of young people. This limits their opportunity to pursue Amateur Radio with a traditional home station, but the portability of equipment makes it possible to integrate Amateur Radio into other outdoor and travel pursuits.

Member Programs and Expenditures in 2012

As noted above, total expenditures are expected to increase by less than 1% over the originally budgeted amounts for 2011. It is also, however, about 1.5% more than where we expect to actually finish the year. Given the increase in certain costs, this leaves little room, if any, for major new programs and initiatives. We believe we have been very conservative about adding new programs in 2012, preferring instead to continue funding existing initiatives within the pool of available resources. Any new programs were reviewed with an eye towards additional revenues before any decision was made about proposing implementation. There are several programs for which commitments have already been made and we have included funding of these in this Plan. Continuing resource commitments for major initiatives as well as a few new initiatives included in the Plan for 2012 are:

- **Second Century Campaign**—This was identified as a major initiative in 2011 and there is no reason to reduce the commitment to this program in 2012. In fact, now that it has begun, it is even more critical to continue to build the momentum in the coming year to garner commitments from major donors in advance of the formal, public rollout of the campaign. This initiative will be a significant factor in the future financial stability of the organization.
- **Digital QST**—While the digital edition of *QST* had originally been scheduled for implementation in the fourth quarter of 2011, prudent planning called for a variety of business and operational issues to be researched and resolved before proceeding. We are well along in the implementation of this project and still believe it is a critical ingredient for the future of the organization. We intend to launch Digital QST with the June 2012 issue of *QST*. An iPhone/iPad Digital QST app will be introduced later in the year.

- WRC-12 – The next edition of the World Radiocommunication Conference will take place in Geneva in January-February of 2012. As in the past, we have been participating in the preparatory meetings for this conference for the past several years and February is the culmination of those efforts.
- ARRL National Convention -- In 2012 we will have our second National Convention in two years, admittedly an unusual occurrence in recent history, but one that was well thought out in preparing the organization for the centennial celebration coming in 2014. The Plan for 2012 includes delivering the ARRL Expo at the ARRL National Convention at Pacificon in Santa Clara, California as well as the annual Dayton Hamvention®.
- New VEC Exam Maker software – There is a need to upgrade the current exam generation software for the volunteer examiners supported by the ARRL VEC. Among its capabilities, this new software will generate and grade exams directly on a computer screen. So as not to interfere with other potential projects of the ARRL IT Department, we expect to do this with an outside vendor.
- New Instructor Training Course -- An introductory course for instructors, intended for both licensing and EmComm instructors, which will help volunteers acquire the skills needed to be an effective instructor and provide them with some basic guidance on instructional techniques and strategies.
- DXCC Anniversary Award – We are planning an award to commemorate the 75th anniversary of the DXCC program in 2012. The initial concept for the award would be similar to the Millennium DXCC Award that confirmed QSOs on the “honor” system.

In addition to these initiatives, there are several on-going and/or new projects that are planned for the Information Technology Department:

- Complete the e-store integration with enhancements. Initial integration with the accounting system is expected to be completed prior to year-end 2011.
- Migrate the existing DXCC system completely to Logbook of the World.
- Support for the implementation of the Digital Rights Management (DRM) system for the Digital *QST* project.
- Redo the web based membership application including resolving membership account management issues.
- Improve Logbook of the World on both the client side as well as database and user enhancements.
- Continue work on the implementation of the ARRL Information System, effectively the replacement for the Siebel software currently being used in HQ operations. (see page 53)

- Implement electronic balloting for Division elections.
- Add the CQ WPX Award to LOTW, contingent upon successful negotiations with CQ management.

A more complete discussion of the plans for the Information Technology Department is included on pages **54 - 55** of this Plan.

Other objectives for the year included in the Plan are:

- Grow the membership slightly more than 1% to a total of 159,609.
- Teachers' Institutes – While we will continue our commitment to this core educational initiative, financial considerations require that we limit the number in the coming year to just three events, including one Advanced Teachers' Institute. This limit has no effect on the bottom line but is a prudent approach that will allow the program to continue into 2013 even if additional funding sources are not immediately identified.
- Using the additional staff resources brought on in 2011, the Editorial Department plans the introduction of 7 new titles in the coming year, including the addition of a major new publication, *The Emergency Communications Handbook*.
- Expand the Ham-Aid program with additional and more functional equipment.
- Improve and strengthen our relationship with served agencies, particularly VOAD, DHS, FEMA and the National Weather Service.
- Strengthen our relationship with the NASA Johnson Space Center and the ARISS program (assuming that the International Space Station continues to be manned).
- Increase our use of Social Media and Forums.

During the planning process, in our attempts to manage the overall expenditures, we had to make many decisions which impact areas of operation across the organization. Examples of some of those decisions are:

- Prepare a digital version of the DXCC Yearbook rather than printing and mailing the traditional paper version. A print on demand version will be made available at a normal cost for those members who want a printed copy.
- Reduce the page count in QST in the months of July and August.
- Eliminate one mailing of the ARRL Publications catalog in 2012.
- Trim certain of the multiple lapsed member mail solicitations.

- Reduce slightly the size of the staff contingent for the ARRL Expos at Dayton and the ARRL National Convention.
- Reduce staff travel to various events in the coming year, although we believe we have budgeted sufficient funds to meet our obligations under the current hamfest and convention staffing rules.

In keeping with our overall expectations for revenues, we have limited proposed increases to the staff to only those areas we believe require expansion. As you will see, there is an additional position proposed for the DXCC/Awards branch over and above the mid-year addition approved in 2011. This is necessary to both add to the processing capabilities of the staff but also allow for cross training and additional, technical customer service support in DXCC. The IT staffing plan has been modified slightly from the original 2011 Plan. This was done after Jon Bloom's departure and, while there are the same number of positions, circumstances have allowed us to add a part-time programming resource we hope to allocate to maintenance and other programming for the web site. In addition, we have upgraded a position in the Education Department to full-time to provide direct support to Instructors.

Staff compensation, always the largest expense item for the organization, was carefully reviewed as part of the planning process. We are proposing an average increase of 2% which would be effective on April 1, 2012, a reduction of 1/3 from previous years. Again, this does not mean that every staff member will get an increase, or even one that equals 2% if they get an increase. Increases will vary across the staff based on individual performance and the relative position of the current compensation within the individual's salary range. We believe that this is an appropriate recommendation given the regional economic conditions and the financial capacity of the organization.

Unlike most years, the news regarding benefits is markedly better than in recent years. We have begun negotiating next year's benefit package, of which health and dental insurance are the biggest pieces, and although it will require another change in provider, we think we can hold the increase in health insurance costs to 3.8%. This is much better than the double digit increases we have had to endure in recent years and much, much better than the renewal proposal from our current insurer of 36%. That would have made it almost impossible for us to provide a competitive health insurance benefit to the staff. We will not be as lucky with the dental benefit but that cost is less than 10% of the total cost of the health insurance plan. In the case of both plans, we will be sharing the increase with the staff by upping the employee's share of the monthly premiums accordingly.

Budgeted annual pension costs for the defined benefit plan have been reduced to zero as a result of the plan termination. But there will be a significant one-time charge to earnings at the termination of the plan. We are currently estimating this to be approximately \$850,000 but the final amount will depend on interest rates in the coming year and the percentage of plan participants who elect an annuity payout versus the lump sum option. Although not wanting to confuse anyone, the cash contribution to the plan at termination is likely to be in the range of

\$2.5-\$3.0 million, again depending on the factors noted above. This is not however, the same as the effect on earnings. As noted in the report to the Board in July, the Administration and Finance Committee has authorized the Treasurer to invest \$2.5 million of the ARRL's portfolio in investments similar to those in the pension plan, in anticipation of the final distribution of plan assets.

In summary, as noted above, total expenditures proposed for 2012 total \$14.5 million. We believe that this level of resources is attainable and appropriate to support the activities included in the Plan.

Revenue Trends and Assumptions

Although the activities and programs of the organization are the critical priority, coming in a close second is how to raise the funds necessary to support all the activities. As noted earlier in this report, we believe this is going to be more difficult in the coming year, particularly since several of our major revenues sources have shown signs of leveling off in the past couple of years. Although voluntary contributions have become a major source of revenue in the past decade, the three largest sources are still dues, publication sales and sales of advertising. Program fees, as you will see in our projections are also growing more significant with each passing year.

Membership and Dues

As noted earlier in this report, we are projecting that there will be no more than 23,000 new licensees entering the hobby in 2012. This is based on 2011 having the lowest number of new licensees since 2006, before the last round of restructuring. And with the slowdown in new licensees over the past two years, the number of license upgrades is also not expected to increase over the 2011 level in 2012. This will make increasing the membership through these channels more difficult as new licensees and, in many cases upgrades, serve as the basis for our membership efforts. Our plans for 2012 include better targeting of these pools of opportunity, as well as our expectation of improving the retention rate for existing members. In addition, we also feel that the introduction of the digital edition of *QST* will provide a significant new membership benefit to a portion of people not currently members. Since the introduction of Digital *QST* is scheduled for the middle of the year, any increase in the membership as a result will occur in the second half of the year. While this will help the membership numbers it won't have as big an impact on dues revenues until 2013 when we will earn a full year of dues from these members.

Our efforts in this area will be focused in 2012 on increasing the membership in anticipation of the introduction of Digital *QST*. What we specifically considered and rejected was the concept of a dues increase in 2012. **We feel strongly that 2012 is not the year to propose a dues increase despite the fact that it will have been over a decade since we chose to do that.** To be fair, we have eliminated the former senior discount which was, in effect, a dues increase for some portion of the membership but it has been several years since that happened as well.

Our plans for 2012 include an increase of 1,956 members (1.24% over where we expect to finish 2011) which would raise the membership to 159,609. As noted above, we expect a portion of this

increase to come after the introduction of the digital edition of QST at mid-year. These projections also include an average renewal rate of 80% for existing members. We need to get better yield on our membership solicitation efforts as the number of new licensees is not going to be as high as in some recent years. Total dues revenues are projected to be approximately \$5.54 million in the coming year. This is slightly less than 2011 as more members take multiple year options which results in less dues, on average, annually from those members.

Publication Sales

Overall publication sales have flattened out and even fallen somewhat in 2011. In keeping with our plan for the year, we added resources in the form of the position of Book Editor with the specific intention of identifying and producing new titles to help bolster our publications line. We will see the fruits of this effort in 2012 as we are planning to publish 7 new titles as well as new editions of some other titles. The largest of these new publications will be *The Emergency Communication Handbook*. In addition, there will be another new edition of the *ARRL Handbook* introduced in the fall at the same time as the introduction of the 10th edition of *The ARRL Operating Manual*.

As in the past product marketing will continue to encompass direct mail, catalogs, e-mail solicitations and new product bulletins, on-line e-commerce and advertising across all of ARRL's varying publishing platforms including the ARRL web site. We will continue to leverage all sales channels, direct to individuals, dealers and large wholesale outlets. The wholesale/retail mix of sales is expected to stay roughly the same in the coming year.

Total revenues expected from sales of publications and other products, including revenues derived from postage fees and the like for shipping, are projected to be almost \$3.58 million in 2012. This is less than we had originally planned for 2011, a target we don't expect to meet at this point.

Advertising Revenues

Although we continue to see a decline in overall advertising, we expect to meet our goal of slightly more than \$2.5 million in advertising revenues for 2011. However, given the overall economy and, specifically, what we've seen in recent months in the Amateur Radio industry, we cannot reasonably expect to increase this level of revenue in the coming year. We continue to see advertisers looking to economize and squeeze everything they can out of their advertising dollar. Retailers are being caught in the middle between decreasing (or in some cases outright elimination) of co-operative advertising dollars from manufacturers and rising prices for the merchandise they sell. This pressure on their profit margins, coupled with the difficult credit market, is pushing more of them to the edge. Some will not survive another year. And with each closure of an Amateur Radio business, we lose another advertising sales opportunity. Not that we're expecting another situation like last year, but it was only a year ago when a major manufacturer decided to significantly reduce their advertising commitments in *QST*.

While advertising in QST will continue to produce the lion's share of revenues in this area, we are not projecting any increase in total revenues from this source in the coming year. We do

expect to see an increase in electronic advertising and will be looking for ways to improve revenue opportunities that could arise with the digital edition of QST in the middle of the year. It will continue to be difficult to generate “new” revenues from this however as many of our advertisers will likely reallocate their advertising dollars rather than provide additional revenues, even for a new medium if possible.

Overall, advertising sales are projected to produce a total of \$2.53 million in revenues for 2012. This is essentially the same level as is projected for 2011.

Voluntary Contributions

We are seeing a small rebound in voluntary contributions in 2011 and believe we can maintain some of this momentum into the new year. 2012 will be an important year in the fundraising efforts for the ARRL.

We stand at the beginning of a new era in the fundraising efforts for the ARRL. After the announcement of the Second Century Campaign at the donor dinner in May, the campaign committee was formed and work began in earnest. The mission statement was completed, materials for the campaign developed and we are in the leadership gift phase of the campaign. Not only have the committee members made their own pledges, they are working hard to identify and begin contacting other major donors with significant capacity. As everyone is aware, this is a significant effort for the organization and we have a goal of reaching the \$5 million level in commitments during 2012.

But the Second Century Campaign isn't the sole focus of our fundraising objectives in 2012. We plan to continue our promotion of specific funds like the Education and Technology Fund, the W1AW Fund and the Spectrum Defense Fund in an effort to provide resources to support those particular areas of the League's operations. Unrestricted contributions will also be solicited through membership in the Diamond Club and other appeals.

We expect to offset about \$1.06 million of organizational expenses through the use of voluntary contributions in 2012. This is a very small increase over the amount we expect to raise in 2011.

Program Fees

With activity levels in the hobby picking up dramatically, this area is the one where we actually see significant opportunity to increase revenues in the coming year. Unfortunately however, the only area we see this improvement is in the area of awards, specifically DXCC. There has been a surge in operating activities, likely the result of the marked improvement in sunspots and propagation, and with it submissions to DXCC as well as revenues. Program fees from this program have surged in 2011 and we see this continuing into the next year. We cannot, however, project any significant increases in other fee generating areas of the organization.

Our projections for new licensees and exams to be administered through the ARRL VEC in 2012 show no growth over the levels seen in the past two years. In fact, we are projecting slight decreases in the number of applicants served and exam elements administered. We are not

projecting a decrease in our market share however. Based on our projections, total VE fees collected will be \$394,000 a slight decrease from the \$407,000 planned for the current year. It should be noted that a fee increase over the current \$15 exam fee is proposed.

DXCC will be a growing percentage of this category in the coming year, eclipsing the VE fee category for the first time in quite a number of years. Increased activity as well as a special 75th Anniversary DXCC award will boost revenues from this program in 2012. We are projecting total fees from the DXCC program in the coming year to be \$423,000.

All told, we are expecting \$957,000 in total program fee revenue in 2012. This would be an increase of over \$100,000 from the planned 2011 level.

Other Income

The largest source of other income for the organization is investment income, and one that has been increasing with the size of our investment portfolio. We are not expecting a significant increase in investments in 2012 as the result of the Second Century Campaign, although commitments garnered next year will boost investment income in the following years. It should be noted that, with the retirement of Jim McCobb, K1LU, as Treasurer, we will be losing a valuable resource, not only as a business executive, but as the investment manager for the ARRL portfolio. For many years, Jim has managed the portfolio for a fee that was significantly less than the going market rate. In the expenses for the coming year, we have included what we believe will be the going rate in 2012 under the assumption that we will need to engage an outside investment manager.

Summary

As mentioned earlier in this report, we see 2012 as a particularly challenging year both financially and operationally. With the lack of revenue growth and the increases in the cost of services we provide, the coming year looks to be where the two factors, resources available and resources needed, will converge. It will be a year in which we consolidate our services and look for efficiencies. We will continue to improve on the use of technology in the operation and have provided as much funding as we felt appropriate for these activities given the overall pool of resources we believe will be available in the coming year. But management of expenditures, always a focus, will take on more importance in the coming year.

Financially, we are projecting a small loss from operations in 2012, primarily because of the one-time expense commitments to WRC-12 and the second year in a row of supporting an ARRL National Convention. This is not a step we recommend lightly and it is our intention to manage to minimize this loss, or even reverse it if we can as we go throughout the year. We still have a strong balance sheet, even with recent market losses. And while the termination of the pension plan will result in a significant charge to the net assets of the organization, once completed we will be in better financial shape not having that liability hanging over the organization into the future.

Capital Expenditures

For the first time in many years, we are proposing a significant financial commitment to capital expenditures and most of it is targeted for major replacements of Headquarters facilities. In total, this plan includes a proposal for \$682,900. Of this total, \$564,000 will be spent on the Headquarters building. The biggest of these items is a new air conditioning system for the back two-thirds of the building. We only have estimates at the moment and will certainly go through a thorough bidding process, but this expenditure to replace a system that is over 30 years old could require an investment of up to \$450,000. In addition, the roof on the front half the building is showing signs of wear and has leaked on occasion. That will require an additional \$100,000 of capital expenditure if approved.

We are also requesting funding for replacement of certain IT infrastructure as well as several desktop computers that have out-lived their useful lives. In addition, we are proposing an expenditure of \$20,000 to upgrade our VE exam generation software. This project is proposed to be completed through the use of an outside vendor rather than use internal ARRL IT resources.

Staffing

The 2012 Plan encompasses funding for a total of 104 full and part-time positions. Of this total, 94 positions are full-time and 9 are part-time. This is an increase of two positions more than was approved in 2011.

As noted above, there are only two new positions included in this report and several other reductions or changes in staff that make up the total complement. A more detailed description of these changes is included in the “Staffing” section of this Plan.

Risks and Opportunities

As always, there are risks involved in plans. Although we discuss them here, they have not changed significantly in the past several years.

1. **Bottom line** – Any time we begin the year projecting a loss from operations, this increases the risk. The goal will be to limit the loss and, if possible, eliminate it with careful expense management throughout the year. The 2012 Plan includes expenses for WRC-12, a second National Convention in as many years and a significant increase in the expenditure for a manager for the League’s portfolio. The first two are commitments, the third item is a conservative approach to estimating the cost. In any case, our reserves can handle a small loss. It is not something we want to do on a continuing basis however.
2. **Economy** -- At no time in recent years have we felt so unsure about where the country’s and, for that matter, the global economy are headed. Unemployment is remaining at stubbornly high levels and no one seems to have a solution. While it is an election year and we expect interest rates to remain stable, albeit at very low levels, there are no strong indications that there is an economic recovery on the horizon. This economy has tested our belief about the

ARRL's counter-cyclical behavior in time of economic hardship and we do not expect to see any gains from this in the coming year.

3. **Membership** – While we have been able to increase the membership slowly each year over the past several years, and we expect to do so in 2012, there is no guarantee that this can be achieved. It is even a bigger risk in 2012 as we are projecting a decrease in the number of new licensees compared to 2007-2010.
4. **Voluntary Contributions** – We have been fortunate to have a loyal and committed base of donors, both large and small. And we will be testing this support in the coming years with the Second Century Campaign. Maintaining the level of annual giving to the organization throughout the campaign will be a challenge and represents a risk in 2012 and beyond.
5. **Advertising** – Given the economy and the current state of the Amateur Radio Industry, any projection of advertising revenues involves significant risk. We will work hard to maintain our core advertisers but, as we saw in 2011, that may be out of our control.

We believe this Plan is responsive to the current direction and objectives of the Board of Directors. It maintains the current level of our services and programs for members while meeting the objective of a balanced financial result. In addition, it provides for a major program that we expect will benefit the organization financially over the long term. As always, it is not without risk and will require specific attention to our financial results and careful expense management as the year unfolds.

Respectfully submitted,

David Sumner, K1ZZ
Chief Executive Officer

Barry Shelley, N1VXY
Chief Financial Officer

**AMERICAN RADIO RELAY LEAGUE, INC.
SUMMARY
2012**

| | 2010 Actual | 2011 Plan (Original) | 2011 Plan (Reforecast) | 2012 Plan | 2013 Plan |
|--------------------------------|----------------|----------------------------|------------------------------|--------------|--------------|
| REVENUES | \$13,324,237 | \$13,454,000 | \$13,229,000 | \$13,409,000 | \$13,451,000 |
| EXPENSES | 9,863,059 | 10,587,000 | 10,505,000 | 10,637,000 | 10,877,000 |
| NET AVAILABLE INCOME | 3,461,178 | 2,867,000 | 2,724,000 | 2,772,000 | 2,574,000 |
| MEMBER PROGRAM EXPENDITURES | 3,637,633 | 3,842,000 | 3,837,000 | 3,903,000 | 3,940,000 |
| SUB-TOTAL | (176,455) | (975,000) | (1,113,000) | (1,131,000) | (1,366,000) |
| CONTRIBUTIONS | 970,609 | 1,027,000 | 1,027,000 | 1,061,000 | 1,066,000 |
| INCOME FROM OPERATIONS | 794,154 | 52,000 | (86,000) | (70,000) | (301,000) |
| PENSION PLAN TERMINATION | - | - | - | (850,000) | - |
| GAIN/(LOSS) ON INVESTMENT | (14,695) | - | - | - | - |
| NET EXCESS (DEFICIT) | \$ 779,459 | \$ 52,000 | \$ (86,000) | \$ (920,000) | \$ (301,000) |

AMERICAN RADIO RELAY LEAGUE, INC.
INCOME
2012

| | 2010 Actual | 2011 Plan (Original) | 2011 Plan (Reforecast) | 2012 Plan | 2013 Plan |
|------------------------------------|----------------------------|-------------------------------------|---------------------------------------|-----------------------------|-----------------------------|
| <u>REVENUES</u> | <u>\$13,324,237</u> | <u>\$13,454,000</u> | <u>\$13,229,000</u> | <u>\$13,409,000</u> | <u>\$13,451,000</u> |
| Product Sales | 3,544,960 | 3,654,000 | 3,477,000 | 3,578,000 | 3,638,000 |
| QST and Magazines | 262,507 | 258,000 | 258,000 | 254,000 | 254,000 |
| Advertising | 2,674,273 | 2,541,000 | 2,541,000 | 2,562,000 | 2,587,000 |
| Membership Dues | 5,581,174 | 5,630,000 | 5,602,000 | 5,542,000 | 5,540,000 |
| Program Fees | 843,310 | 852,000 | 832,000 | 957,000 | 894,000 |
| Interest/Dividends | 312,582 | 387,000 | 387,000 | 417,000 | 450,000 |
| Other | 105,431 | 132,000 | 132,000 | 99,000 | 89,000 |
| <u>EXPENSES</u> | <u>\$9,863,059</u> | <u>\$10,587,000</u> | <u>\$10,505,000</u> | <u>\$ 10,637,000</u> | <u>\$ 10,877,000</u> |
| Product Sales | 2,794,039 | 2,652,000 | 2,652,000 | 2,753,000 | 2,814,000 |
| QST and Magazines | 2,725,432 | 2,898,000 | 2,884,000 | 2,741,000 | 2,822,000 |
| Advertising | 306,547 | 235,000 | 236,000 | 239,000 | 251,000 |
| Membership Dues | 607,794 | 920,000 | 923,000 | 915,000 | 940,000 |
| Investment Income | 42,303 | 48,000 | 48,000 | 142,000 | 145,000 |
| Support: | <u>\$3,386,944</u> | <u>\$3,834,000</u> | <u>\$3,762,000</u> | <u>\$3,847,000</u> | <u>\$3,906,000</u> |
| Administration | 903,989 | 794,000 | 796,000 | 797,000 | 831,000 |
| Development/Fundraising | 435,928 | 579,000 | 579,000 | 578,000 | 605,000 |
| Comptroller | 829,286 | 813,000 | 813,000 | 824,000 | 802,000 |
| Information Technology | 823,324 | 900,000 | 833,000 | 873,000 | 886,000 |
| Administrative Services | 224,309 | 253,000 | 246,000 | 241,000 | 251,000 |
| Personnel | (320,636) | 34,000 | 34,000 | 59,000 | 51,000 |
| Building | 490,744 | 461,000 | 461,000 | 474,000 | 479,000 |
| <u>NET AVAILABLE INCOME</u> | <u>\$ 3,461,178</u> | <u>\$ 2,867,000</u> | <u>\$ 2,724,000</u> | <u>\$2,772,000</u> | <u>\$2,574,000</u> |
| Product Sales | 750,921 | 1,002,000 | 825,000 | 825,000 | 824,000 |
| QST and Magazines | (2,462,925) | (2,640,000) | (2,626,000) | (2,487,000) | (2,568,000) |
| Advertising | 2,367,726 | 2,306,000 | 2,305,000 | 2,323,000 | 2,336,000 |
| Membership Dues | 4,973,380 | 4,710,000 | 4,679,000 | 4,627,000 | 4,599,000 |
| Program Fees | 843,310 | 852,000 | 832,000 | 957,000 | 894,000 |
| Investment Income | 270,279 | 339,000 | 339,000 | 275,000 | 305,000 |
| Other and Support | (3,281,513) | (3,702,000) | (3,630,000) | (3,748,000) | (3,817,000) |

AMERICAN RADIO RELAY LEAGUE, INC.
SPENDING
2012

| | 2010 Actual | 2011 Plan (Original) | 2011 Plan (Reforecast) | 2012 Plan | 2013 Plan |
|-----------------------------------|---------------------------|----------------------------|------------------------------|---------------------------|---------------------------|
| <u>MEMBER PROGRAM</u> | | | | | |
| <u>EXPENDITURES</u> | <u>\$3,637,633</u> | <u>\$3,842,000</u> | <u>\$3,837,000</u> | <u>\$3,903,000</u> | <u>\$3,940,000</u> |
| Advocacy | <u>\$815,305</u> | <u>\$867,000</u> | <u>\$867,000</u> | <u>\$903,000</u> | <u>\$859,000</u> |
| Washington | 597,716 | 565,000 | 565,000 | 621,000 | 610,000 |
| International/IARU | 123,376 | 189,000 | 189,000 | 188,000 | 156,000 |
| Public Relations | 94,213 | 113,000 | 113,000 | 94,000 | 93,000 |
| Membership/Vol Programs | <u>\$1,438,097</u> | <u>\$1,567,000</u> | <u>\$1,568,000</u> | <u>\$1,626,000</u> | <u>\$1,675,000</u> |
| Administration | 243,654 | 234,000 | 236,000 | 242,000 | 251,000 |
| Contest | 135,187 | 136,000 | 139,000 | 130,000 | 133,000 |
| DXCC/Awards | 344,044 | 364,000 | 360,000 | 479,000 | 492,000 |
| QSL Bureau | 88,864 | 79,000 | 79,000 | 84,000 | 88,000 |
| W1AW | 116,984 | 159,000 | 159,000 | 132,000 | 135,000 |
| Logbook* | 39,132 | 39,000 | 39,000 | 0 | 0 |
| Field Services | 284,431 | 290,000 | 290,000 | 281,000 | 296,000 |
| Emergency Preparedness & Response | 63,174 | 151,000 | 151,000 | 150,000 | 153,000 |
| Section Expenses | 122,627 | 115,000 | 115,000 | 128,000 | 128,000 |
| Educational Programs | <u>\$334,592</u> | <u>\$348,000</u> | <u>\$348,000</u> | <u>\$299,000</u> | <u>\$309,000</u> |
| Education Services | 131,292 | 121,000 | 121,000 | 120,000 | 127,000 |
| Educ & Technology | 203,300 | 227,000 | 227,000 | 178,000 | 182,000 |
| VEC | <u>\$371,495</u> | <u>\$362,000</u> | <u>\$351,000</u> | <u>\$360,000</u> | <u>\$359,000</u> |
| LAB | <u>\$389,292</u> | <u>\$390,000</u> | <u>\$395,000</u> | <u>\$394,000</u> | <u>\$415,000</u> |
| Governance | <u>\$288,852</u> | <u>\$308,000</u> | <u>\$308,000</u> | <u>\$322,000</u> | <u>\$324,000</u> |
| Divisions | 98,326 | 119,000 | 119,000 | 119,000 | 119,000 |
| Officers | 26,206 | 45,000 | 45,000 | 40,000 | 42,000 |
| Board Meetings | 108,710 | 100,000 | 100,000 | 110,000 | 110,000 |
| Committees | 55,610 | 44,000 | 44,000 | 53,000 | 53,000 |

* Logbook combined with DXCC/Awards as of 1/1/2012.

**AMERICAN RADIO RELAY LEAGUE, INC.
CONTRIBUTIONS / INVESTMENT ACTIVITY
2012**

| | 2010 Actual | 2011 Plan (Original) | 2011 Plan (Reforecast) | 2012 Plan | 2013 Plan |
|--|--------------------------|----------------------------|------------------------------|---------------------------|---------------------------|
| <u>CONTRIBUTIONS AND SUPPORT</u> | <u>\$970,609</u> | <u>\$1,027,000</u> | <u>\$1,027,000</u> | <u>\$1,061,000</u> | <u>\$1,066,000</u> |
| Unrestricted | <u>\$344,441</u> | <u>\$372,000</u> | <u>\$372,000</u> | <u>\$398,000</u> | <u>\$406,000</u> |
| Diamond Club | 277,949 | 270,000 | 270,000 | 295,000 | 300,000 |
| Miscellaneous | 66,492 | 102,000 | 102,000 | 103,000 | 106,000 |
| Member Loyalty | 120 | - | | | |
| Donor-Restricted: "Uses" | <u>\$626,168</u> | <u>\$655,000</u> | <u>\$655,000</u> | <u>\$663,000</u> | <u>\$660,000</u> |
| <u>Defense:</u> | <u>\$300,552</u> | <u>\$350,000</u> | <u>\$350,000</u> | <u>\$375,000</u> | <u>\$385,000</u> |
| Advocacy | 237,629 | 276,000 | 276,000 | 321,000 | 330,000 |
| Fundraising | 62,923 | 74,000 | 74,000 | 54,000 | 55,000 |
| <u>Education & Technology:</u> | <u>\$242,511</u> | <u>\$265,000</u> | <u>\$265,000</u> | <u>\$208,000</u> | <u>\$212,000</u> |
| Program | 219,636 | 238,000 | 238,000 | 178,000 | 182,000 |
| Fundraising | 22,875 | 27,000 | 27,000 | 29,000 | 30,000 |
| <u>W1AW Endowment</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| <u>Legal Research & Resource</u> | <u>\$22,167</u> | <u>\$0</u> | <u>\$0</u> | <u>\$7,000</u> | <u>\$5,000</u> |
| <u>Lab Fund</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$1,000</u> | <u>\$1,000</u> |
| <u>Preservation of Artifacts</u> | <u>\$16,548</u> | <u>\$0</u> | <u>\$0</u> | <u>\$2,000</u> | <u>\$0</u> |
| <u>W1AW</u> | <u>\$4,390</u> | <u>\$0</u> | <u>\$0</u> | <u>\$30,000</u> | <u>\$18,000</u> |
| <u>Ham Aid</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$1,000</u> | <u>\$0</u> |
| <u>E. Smith Earnings</u> | <u>\$40,000</u> | <u>\$40,000</u> | <u>\$40,000</u> | <u>\$40,000</u> | <u>\$40,000</u> |
| <u>Colvin Award</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| <u>GAIN/(LOSS) ON SALE OF INVESTMENTS</u> | <u>(\$14,695)</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

**American Radio Relay League
Detailed Income Statement
2012 Plan**

| | 2010 Actual | 2011 Plan (Original) | 2011 Plan (Reforecast) | 2012 Plan | 2013 Plan |
|---|----------------------------|----------------------------|------------------------------|-----------------------------|------------------------------|
| RECONCILIATION BY TOTALS | | | | | |
| REVENUES: | | | | | |
| PUBLICATIONS & PRODUCTS | \$ 3,544,960 | \$ 3,654,000 | \$ 3,477,000 | \$ 3,578,000 | \$ 3,638,000 |
| ADVERTISING | 2,638,923 | 2,541,000 | 2,541,000 | 2,535,000 | 2,560,000 |
| DUES & SUBSCRIPTIONS | 5,843,681 | 5,887,000 | 5,860,000 | 5,796,000 | 5,794,000 |
| PROGRAM & SERVICE FEES | 843,310 | 852,000 | 832,000 | 957,000 | 894,000 |
| INVESTMENT INCOME | 297,887 | 387,000 | 387,000 | 417,000 | 450,000 |
| CONTRIBUTIONS & SUPPORT | 970,609 | 1,027,000 | 1,027,000 | 1,061,000 | 1,066,000 |
| OTHER | 140,781 | 132,000 | 132,000 | 126,000 | 116,000 |
| | ----- | ----- | ----- | ----- | ----- |
| TOTAL REVENUES | 14,280,151 | 14,480,000 | 14,256,000 | 14,470,000 | 14,517,000 |
| DIRECT COSTS: | | | | | |
| PUBLICATIONS & PRODUCTS | 1,609,536 | 1,570,000 | 1,575,000 | 1,626,000 | 1,656,000 |
| MEMBERSHIP & SUBS | 2,056,702 | 2,201,000 | 2,201,000 | 2,032,000 | 2,082,000 |
| ADVERTISING | - | 1,000 | 1,000 | 1,000 | 1,000 |
| | ----- | ----- | ----- | ----- | ----- |
| TOTAL DIRECT COSTS | 3,666,238 | 3,772,000 | 3,777,000 | 3,658,000 | 3,739,000 |
| ADMINISTRATIVE EXPENSES: | | | | | |
| HEADQUARTERS | 9,422,975 | 10,233,000 | 10,142,000 | 10,432,000 | 10,627,000 |
| BOARD OF DIRECTORS, OFFICERS & COMMITTEES | 288,853 | 308,000 | 308,000 | 322,000 | 324,000 |
| SECTION LEVEL | 122,626 | 115,000 | 115,000 | 128,000 | 128,000 |
| | ----- | ----- | ----- | ----- | ----- |
| TOTAL ADMIN EXPENSES | 9,834,454 | 10,656,000 | 10,565,000 | 10,881,000 | 11,079,000 |
| | ----- | ----- | ----- | ----- | ----- |
| TOTAL EXPENSES | 13,500,692 | 14,428,000 | 14,342,000 | 14,540,000 | 14,818,000 |
| | ----- | ----- | ----- | ----- | ----- |
| NET EXCESS (DEFICIT) FROM OPERATIONS | \$ 779,459 ===== | \$ 52,000 ===== | \$ (86,000) ===== | \$ (70,000) ===== | \$ (301,000) ===== |

**American Radio Relay League
Detailed Income Statement
2012 Plan**

| | 2010 Actual | 2011 Plan (Original) | 2011 Plan (Reforecast) | 2012 Plan | 2013 Plan |
|--|------------------------|-------------------------------------|---------------------------------------|----------------------|----------------------|
| REVENUES: | | | | | |
| PUBLICATION AND PRODUCT SALES: | | | | | |
| ARRL Handbook | \$ 606,912 | \$ 537,000 | \$ 537,000 | \$ 521,000 | \$ 532,000 |
| Repeater Directory | 114,944 | 127,000 | 127,000 | 200,000 | 204,000 |
| Ham Radio License Manual | 421,359 | 445,000 | 327,000 | 448,000 | 457,000 |
| Training Aids | 356,010 | 452,000 | 452,000 | 440,000 | 449,000 |
| Non-ARRL Publications | 159,326 | 150,000 | 150,000 | 165,000 | 168,000 |
| Royalty Items | 311,713 | 392,000 | 392,000 | 235,000 | 239,000 |
| Other Books | 852,926 | 888,000 | 846,000 | 891,000 | 900,000 |
| RSGB | 90,232 | 102,000 | 102,000 | 100,000 | 102,000 |
| Other Pubs/Product Sales | 2,957 | - | - | - | - |
| Membership Supplies | 203,645 | 166,000 | 166,000 | 179,000 | 183,000 |
| | ----- | ----- | ----- | ----- | ----- |
| | 3,120,024 | 3,259,000 | 3,099,000 | 3,180,000 | 3,234,000 |
| Apparel Commissions | 4,776 | 10,000 | 10,000 | 8,000 | 8,000 |
| Other Products: Publishing Rights | 40,135 | 25,000 | 25,000 | 25,000 | 25,000 |
| On-line Courses | 38,110 | 32,000 | 15,000 | 23,000 | 23,000 |
| | ----- | ----- | ----- | ----- | ----- |
| | 83,021 | 67,000 | 50,000 | 56,000 | 56,000 |
| Postage/Handling Fees | 386,642 | 364,000 | 364,000 | 384,000 | 391,000 |
| Sales Returns and Allow. | (44,727) | (36,000) | (36,000) | (42,000) | (42,000) |
| | ----- | ----- | ----- | ----- | ----- |
| TOTAL PUBLICATION & PRODUCT SALES | 3,544,960 | 3,654,000 | 3,477,000 | 3,578,000 | 3,638,000 |

**American Radio Relay League
Detailed Income Statement
2012 Plan**

| | 2010 Actual | 2011 Plan (Original) | 2011 Plan (Reforecast) | 2012 Plan | 2013 Plan |
|---|------------------------|-------------------------------------|---------------------------------------|----------------------|----------------------|
| ADVERTISING: | | | | | |
| QST | 2,316,382 | 2,230,000 | 2,230,000 | 2,243,000 | 2,253,000 |
| QST Specialty | 69,703 | 72,000 | 72,000 | 62,000 | 64,000 |
| Electronic Advertising | 45,405 | 39,000 | 39,000 | 40,000 | 40,000 |
| | | | | - | - |
| Ham Ads | 11,817 | 13,000 | 13,000 | 11,000 | 11,000 |
| | | | | - | - |
| QEX | 7,018 | 5,000 | 5,000 | 8,000 | 8,000 |
| NCJ | 22,206 | 15,000 | 15,000 | 11,000 | 11,000 |
| | | | | - | - |
| WEB Banners | 44,243 | 52,000 | 52,000 | 58,000 | 60,000 |
| All Other Advertising | 122,149 | 115,000 | 115,000 | 102,000 | 114,000 |
| | ----- | ----- | ----- | ----- | ----- |
| TOTAL ADVERTISING | 2,638,923 | 2,541,000 | 2,541,000 | 2,535,000 | 2,560,000 |
| REVENUES: | | | | | |
| MEMBERSHIP DUES AND SUBSCRIPTIONS: | | | | | |
| Term Membership Dues | \$ 5,071,403 | \$ 5,120,000 | \$ 5,120,000 | \$ 5,033,000 | \$ 5,030,000 |
| Life Membership Dues | 509,771 | 509,000 | 482,000 | 510,000 | 510,000 |
| | | | | - | - |
| QST: Dealer | 24,534 | 25,000 | 25,000 | 21,000 | 21,000 |
| | | | | - | - |
| QEX Subscriptions | 180,185 | 177,000 | 177,000 | 178,000 | 178,000 |
| NCJ Subscriptions | 57,788 | 56,000 | 56,000 | 56,000 | 56,000 |
| | ----- | ----- | ----- | ----- | ----- |
| TOTAL DUES & SUBSCRIPTIONS | 5,843,681 | 5,887,000 | 5,860,000 | 5,796,000 | 5,794,000 |

**American Radio Relay League
Detailed Income Statement
2012 Plan**

| | 2010 Actual | 2011 Plan (Original) | 2011 Plan (Reforecast) | 2012 Plan | 2013 Plan |
|-------------------------------------|------------------------|-------------------------------------|---------------------------------------|----------------------|----------------------|
| PROGRAMS & SERVICE FEES: | | | | | |
| QSL Bureau Service | 45,928 | 47,000 | 47,000 | 50,000 | 51,000 |
| DXCC Fees and Receipts | 321,252 | 300,000 | 300,000 | 423,000 | 374,000 |
| Logbook Receipts | 30,594 | 64,000 | 55,000 | 56,000 | 57,000 |
| Contest Fees | 20,285 | 22,000 | 22,000 | 22,000 | 23,000 |
| Lab Fees | 1,780 | 1,000 | 1,000 | 1,000 | 1,000 |
| Volunteer Exam Fees | 413,656 | 407,000 | 396,000 | 394,000 | 376,000 |
| IARP Fees | 1,541 | 1,000 | 1,000 | 1,000 | 1,000 |
| Vanity Renewal Fees | 6,311 | 9,000 | 9,000 | 9,000 | 9,000 |
| Non-Member FCC changes | 1,963 | 1,000 | 1,000 | 1,000 | 1,000 |
| TOTAL FEES | 843,310 | 852,000 | 832,000 | 957,000 | 894,000 |

**American Radio Relay League
Detailed Income Statement
2012 Plan**

| | 2010 Actual | 2011 Plan (Original) | 2011 Plan (Reforecast) | 2012 Plan | 2013 Plan |
|--|------------------------|-------------------------------------|---------------------------------------|----------------------|----------------------|
| INVESTMENT INCOME: | | | | | |
| Interest/Dividend Income | 312,582 | 387,000 | 387,000 | 417,000 | 450,000 |
| Gain/(Loss) from Sale of Investments | (14,695) | - | - | - | - |
| | ----- | ----- | ----- | ----- | ----- |
| TOTAL INVESTMENT INCOME | 297,887 | 387,000 | 387,000 | 417,000 | 450,000 |
| CONTRIBUTIONS & SUPPORT: | | | | | |
| Contributions - Unrestricted | \$ 66,372 | \$ 102,000 | \$ 102,000 | \$ 103,000 | \$ 106,000 |
| Contributions - Diamond Club | 277,949 | 270,000 | 270,000 | 295,000 | 300,000 |
| Contributions - Member Loyalty | 120 | | | - | - |
| Contributions - Restricted | 626,168 | 655,000 | 655,000 | 663,000 | 660,000 |
| | ----- | ----- | ----- | ----- | ----- |
| TOTAL CONTRIBUTIONS & SUPPORT | 970,609 | 1,027,000 | 1,027,000 | 1,061,000 | 1,066,000 |
| OTHER REVENUES: | | | | | |
| Royalties | 5,104 | 4,000 | 4,000 | 9,000 | 4,000 |
| Affinity Credit Card | 35,834 | 36,000 | 36,000 | 38,000 | 39,000 |
| Insurance Commission | 17,686 | 21,000 | 21,000 | 17,000 | 17,000 |
| Affinity Insurance Royalty | 3,703 | 3,000 | 3,000 | 7,000 | - |
| Auction Revenue | 35,350 | - | - | 27,000 | 27,000 |
| Misc. Other Income | 43,104 | 68,000 | 68,000 | 29,000 | 29,000 |
| | ----- | ----- | ----- | ----- | ----- |
| TOTAL OTHER REVENUES | 140,781 | 132,000 | 132,000 | 126,000 | 116,000 |

**American Radio Relay League
Detailed Income Statement
2012 Plan**

| | 2010 Actual | 2011 Plan (Original) | 2011 Plan (Reforecast) | 2012 Plan | 2013 Plan |
|---|------------------------|-------------------------------------|---------------------------------------|----------------------|----------------------|
| DIRECT COSTS: | | | | | |
| DIRECT COSTS OF PUBLICATIONS & PRODUCTS: | | | | | |
| ARRL Handbook | \$ 201,276 | \$ 188,000 | \$ 188,000 | \$ 167,000 | \$ 170,000 |
| Repeater Directory | 49,805 | 46,000 | 46,000 | 80,000 | 82,000 |
| Ham Radio License Manual | 73,732 | 62,000 | 46,000 | 85,000 | 87,000 |
| Training Aids | 58,521 | 104,000 | 104,000 | 84,000 | 85,000 |
| Non-ARRL Publications | 97,242 | 90,000 | 90,000 | 102,000 | 104,000 |
| Royalty Items | 103,270 | 149,000 | 149,000 | 89,000 | 91,000 |
| Other Books | 192,144 | 197,000 | 188,000 | 187,000 | 189,000 |
| RSGB | 44,609 | 51,000 | 51,000 | 50,000 | 51,000 |
| Other Pubs/Product COGS | 2,237 | - | - | - | - |
| Membership Supplies | 75,441 | 10,000 | 63,000 | 68,000 | 69,000 |
| On-line Course Expense | 19,647 | 9,000 | 7,000 | 9,000 | 9,000 |
| Publications Forwarding Expense | 535,870 | 521,000 | 496,000 | 572,000 | 582,000 |
| Advertising/Promotion Expense | 14,394 | 17,000 | 21,000 | 7,000 | 9,000 |
| In-House Pub Use | 97,289 | 108,000 | 108,000 | 106,000 | 109,000 |
| Obsolete Inventory | 44,059 | 18,000 | 18,000 | 18,000 | 18,000 |
| | ----- | ----- | ----- | ----- | ----- |
| TOTAL DIRECT PUBLICATION & PRODUCT SALES | 1,609,536 | 1,570,000 | 1,575,000 | 1,626,000 | 1,656,000 |

American Radio Relay League
Detailed Income Statement
2012 Plan

| | 2010 Actual | 2011 Plan (Original) | 2011 Plan (Reforecast) | 2012 Plan | 2013 Plan |
|--|----------------|----------------------------|------------------------------|--------------|--------------|
|--|----------------|----------------------------|------------------------------|--------------|--------------|

**DIRECT COSTS OF MEMBERSHIPS
AND SUBSCRIPTIONS:**

| | | | | | |
|--------------------------------|------------|--------------|--------------|------------|------------|
| QST Publication Expense | \$ 934,928 | \$ 1,044,000 | \$ 1,044,000 | \$ 927,000 | \$ 945,000 |
| QST Insertion Costs | 38,994 | 33,000 | 32,000 | 19,000 | 19,000 |
| QST Forwarding Expense | 921,781 | 969,000 | 968,000 | 939,000 | 966,000 |
| QST Electronic Production Exp. | 5,395 | | | 32,000 | 33,000 |
| | | | | | |
| QEX Publication Expense | 63,415 | 62,000 | 63,000 | 33,000 | 34,000 |
| QEX Forwarding Expense | 38,312 | 36,000 | 36,000 | 37,000 | 38,000 |
| NCJ Publication Expense | 34,919 | 41,000 | 42,000 | 29,000 | 30,000 |
| NCJ Forwarding Expense | 18,958 | 16,000 | 16,000 | 17,000 | 17,000 |

| | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|
| | ----- | ----- | ----- | ----- | ----- |
| TOTAL DIRECT MEMBERSHIP & SUBSCRIPTION COSTS | 2,056,702 | 2,201,000 | 2,201,000 | 2,032,000 | 2,082,000 |

DIRECT COSTS OF ADVERTISING:

| | | | | | |
|-------------------------|---|-------|-------|-------|-------|
| Client On-line Services | - | 1,000 | 1,000 | 1,000 | 1,000 |
|-------------------------|---|-------|-------|-------|-------|

| | | | | | |
|---|----------|--------------|--------------|--------------|--------------|
| | ----- | ----- | ----- | ----- | ----- |
| TOTAL DIRECT ADVERTISING COSTS | - | 1,000 | 1,000 | 1,000 | 1,000 |

**American Radio Relay League
Detailed Income Statement
2012 Plan**

| | 2010 Actual | 2011 Plan (Original) | 2011 Plan (Reforecast) | 2012 Plan | 2013 Plan |
|---------------------------------|------------------------|-------------------------------------|---------------------------------------|----------------------|----------------------|
| HEADQUARTERS OPERATIONS: | | | | | |
| Salaries Regular | \$ 4,734,248 | \$ 5,116,000 | \$ 5,047,000 | \$ 5,300,000 | \$ 5,397,000 |
| Salaries Overtime | 48,997 | 44,000 | 44,000 | 39,000 | 33,000 |
| Commissions and Bonuses | 13,259 | 11,000 | 11,000 | 13,000 | 11,000 |
| Employee Recognition /Awards | 6,811 | 10,000 | 10,000 | 8,000 | 8,000 |
| Temporary Employees | 305 | 4,000 | 4,000 | - | - |
| Employee Benefits | 1,194,422 | 1,365,000 | 1,358,000 | 1,416,000 | 1,606,000 |
| Employee Relocation | 11,938 | - | - | - | - |
| Recruiting Advertising | 6,554 | 2,000 | 2,000 | 2,000 | 2,000 |
| Legal and Professional | 138,637 | 113,000 | 113,000 | 111,000 | 111,000 |
| Accounting/Audit Fees | 50,950 | 50,000 | 50,000 | 50,000 | 52,000 |
| Other Consultants | 337,849 | 345,000 | 341,000 | 372,000 | 391,000 |
| Education Grants | 7,527 | 10,000 | 10,000 | 10,000 | 10,000 |
| Promotional Materials | 967 | 3,000 | 3,000 | 1,000 | 1,000 |
| Donor Recognition | 36,265 | 34,000 | 34,000 | 36,000 | 42,000 |
| Office Supplies | 52,006 | 54,000 | 54,000 | 56,000 | 57,000 |
| Stationery/Printing/Forms | 326,641 | 388,000 | 396,000 | 364,000 | 372,000 |
| Exhibit Expense | 33,513 | 61,000 | 61,000 | 66,000 | 39,000 |
| Membership Recruiter Program | 923 | - | - | - | - |
| Expensed Equipment/Furniture | 62,269 | 62,000 | 62,000 | 44,000 | 45,000 |
| Computer Supplies | 5,683 | 12,000 | 12,000 | 18,000 | 22,000 |
| Purchased Software Packages | 1,530 | 5,000 | 5,000 | 2,000 | 5,000 |
| Hardware Parts | 6,592 | 10,000 | 10,000 | - | - |
| Telephone | 45,355 | 48,000 | 48,000 | 42,000 | 41,000 |
| Internet/ISP/Electronic Mail | 33,631 | 30,000 | 30,000 | 29,000 | 29,000 |
| ARRL.net | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 |
| Postage | 589,116 | 669,000 | 658,000 | 691,000 | 713,000 |
| Dues and Subscriptions | 23,669 | 31,000 | 31,000 | 33,000 | 32,000 |
| IARU Dues | 47,682 | 49,000 | 49,000 | 50,000 | 51,000 |
| Business Travel | 95,044 | 161,000 | 161,000 | 123,000 | 115,000 |
| Overseas Travel | 124,647 | 162,000 | 162,000 | 228,000 | 155,000 |
| Member Contact Travel | 44,186 | 40,000 | 40,000 | 39,000 | 40,000 |
| Program Travel | 64,288 | 76,000 | 76,000 | 50,000 | 51,000 |

| | | | | | |
|--|------------------|-------------------|-------------------|-------------------|-------------------|
| Utilities | \$ 155,176 | \$ 139,000 | \$ 139,000 | \$ 123,000 | \$ 125,000 |
| Insurance | 62,933 | 83,000 | 83,000 | 86,000 | 88,000 |
| Property Taxes | 111,245 | 118,000 | 118,000 | 118,000 | 111,000 |
| Building Maintenance | 114,110 | 115,000 | 115,000 | 123,000 | 126,000 |
| Computer Maintenance | 27,671 | 7,000 | 7,000 | 12,000 | 8,000 |
| Maintenance of Equipment | 69,536 | 55,000 | 59,000 | 58,000 | 68,000 |
| Rent/Leased - Equipment | 18,286 | 46,000 | 39,000 | 49,000 | 22,000 |
| Rent/Leased - Storage | 52,083 | 52,000 | 52,000 | 52,000 | 52,000 |
| Rent/Leased - Office Space | 26,025 | 27,000 | 27,000 | 28,000 | 30,000 |
| Truck Expenses | 1,503 | 2,000 | 2,000 | 2,000 | 3,000 |
| Overseas QSL Service | 29,849 | 26,000 | 26,000 | 25,000 | 26,000 |
| Awards Expense | 68,530 | 77,000 | 72,000 | 57,000 | 61,000 |
| W1AW Station Expense | 2,128 | 4,000 | 4,000 | 3,000 | 4,000 |
| Product Review Expense | 33,172 | 33,000 | 33,000 | 26,000 | 27,000 |
| Lab Expense | 3,948 | 7,000 | 7,000 | 4,000 | 7,000 |
| Payroll Processing | 8,783 | 9,000 | 9,000 | 7,000 | 7,000 |
| Interest Expense | 13 | - | - | - | - |
| Bank Service Charges | 30,147 | 32,000 | 32,000 | 25,000 | 25,000 |
| Credit Card Fees | 192,416 | 190,000 | 190,000 | 200,000 | 202,000 |
| Credit and Collections | 3,025 | 3,000 | 3,000 | 2,000 | 3,000 |
| Bad Debt Expense | 18,000 | 12,000 | 12,000 | 12,000 | 12,000 |
| Other Taxes and Permits | 1,312 | - | - | - | - |
| Depreciation and Amortization | 206,936 | 195,000 | 195,000 | 198,000 | 158,000 |
| Miscellaneous | 10,644 | 6,000 | 6,000 | 2,000 | 4,000 |
| | ----- | ----- | ----- | ----- | ----- |
| TOTAL HEADQUARTERS OPERATIONAL EXPENSES | 9,422,975 | 10,233,000 | 10,142,000 | 10,432,000 | 10,627,000 |

**American Radio Relay League
Detailed Income Statement
2012 Plan**

| | 2010 Actual | 2011 Plan (Original) | 2011 Plan (Reforecast) | 2012 Plan | 2013 Plan |
|---|------------------------|-------------------------------------|---------------------------------------|----------------------|----------------------|
| BOARD of DIRECTORS, OFFICERS & COMMITTEES: | | | | | |
| Divisions | \$ 98,327 | \$ 119,000 | \$ 119,000 | \$ 119,000 | \$ 119,000 |
| President and Officers | 26,206 | 45,000 | 45,000 | 40,000 | 42,000 |
| BOD Meetings | 108,710 | 100,000 | 100,000 | 110,000 | 110,000 |
| Committees | 55,610 | 44,000 | 44,000 | 53,000 | 53,000 |
| | ----- | ----- | ----- | ----- | ----- |
| | 288,853 | 308,000 | 308,000 | 322,000 | 324,000 |
| Section Level Administrative Exp. | 122,626 | 115,000 | 115,000 | 128,000 | 128,000 |
| | ----- | ----- | ----- | ----- | ----- |
| TOTAL BOARD of DIRECTORS, OFFICERS & COMMITTEES: | 411,479 | 423,000 | 423,000 | 449,000 | 451,000 |

DEPARTMENT PLANS

SALES AND MARKETING

1. Sales and Marketing Department Mission and Goals

Our mission is to serve members and customers through effective marketing and communication strategies, and the efficient centralized administration of membership application and order processing, and circulation. Excellence in serving members and customers is our #1 priority. The department includes the following operational divisions:

- marketing
- membership and subscriptions
- publication and product direct sales
- fulfillment and warehouse

2. Staffing Updates and Changes

There are no proposed staffing changes for 2012. However, the manager notes that the fulfillment team is operating at a threshold level under the present staffing configuration. The current team includes four full-time and one part-time staff—administering all membership and direct order processing and inquiries. In addition, this staff provides support for website services including membership registration and profile administration. The IT infrastructure for all of these areas requires staff to navigate up to four separate data processing systems. As a result, the processing capacity of the staff and these systems are strained when there is any surge (large or small) of activity. The group will benefit directly from planning to consolidate data-entry and other administration under fewer systems.

3. Products and Services

A. Membership Retention and Recruitment

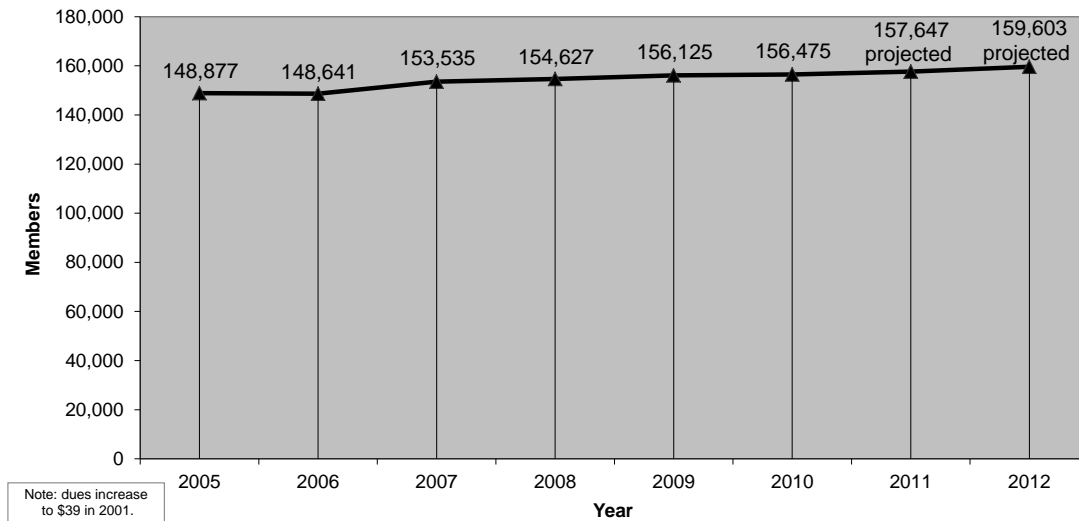
We predict a year-end 2012 goal of 159,603 members; net growth of 1,956 members.

2012 Membership Forecast

| | |
|-----------------------|-----------------------|
| Year-end 2011 | 157,647 |
| (projected) | |
| Projected loss | 25,073 |
| Projected acquisition | 27,032 |
| Year-end 2012 | <u>159,609</u> |

ARRL membership has experienced modest annual growth since 2007—attributed to strong levels of new licensees (though not in 2011), high retention, and the aggregate of our direct marketing acquisition activities: mailings to new licensees, recently lapsed members, and “never” members.

ARRL Membership 2005-2012 (2011 and 2012 projected)



Strategies

Our 2012 planning capitalizes on those activities that yielded growth and results throughout the last year, while applying the best practices of a mature direct marketing program:

- Improve membership acquisition and retention rates by further refining membership appeals to new licensees, upgrade licensees, lapsed members, and renewing members.
- Exploit the new digital *QST* benefit to re-interest lapsed members and by promoting the benefit to new membership prospects.
- Membership growth is contingent upon a regular and sustaining source of new licensees and the introduction of the new digital *QST* benefit.
- Expenses: Inflationary

Direct Mail

In 2012, we will build on the previous year’s efforts to improve direct mail returns in key areas, testing various messages, materials and methods before conducting large-scale campaigns; honing appeals, offers, formats, list selections, personalization and segmented (targeted) messaging. Major campaigns targeting lapsed and “never” members include:

- 6 mailings of 40,000 each
- 3 test mailings

Web Site and Email

We use the guest user account feature of the ARRL website to promote membership to both licensed and unlicensed prospects. Membership appeals are personalized and segmented, targeting prospective members based on individual interests.

Currently, the 90-day online guest account generates between 2,000 and 2,500 active guests at any given time. Targeted email sent to online guests has added 516 members to the membership roster to date. Further refinements to these appeals, in conjunction with future enhancements to the website supporting greater member engagement and topic-specific forums, will ultimately contribute to increased member retention.

New Ham and Upgrade Mailings

In 2012, we will continue to test and refine mailings to new and recently-upgraded licensees—both rich sources of our ongoing membership prospecting. In 2011, acquisition activities were challenged by fewer new licensees as compared to recent previous years. However, our rate of acquisition among these newcomers has been higher.

Retention Activities

In 2012, we will build on efforts started in late 2011 to improve response rates to renewal notices—concentrating on messaging, format and incentives. The greatest of these efforts will include testing new versions of renewal notices, which are responsible for the greatest portion of ARRL membership retention. These efforts will also include improving the response rates to renewal notices sent by email. [Note: Renewal notices are first sent by email. Follow-up renewal reminders are emailed throughout the renewal period.]

We will integrate new messaging in renewal notices to help tout the following new membership benefits:

- the introduction of a digital edition of *QST*
- annual birthday card, including a \$10 ARRL publications discount

We will develop recommendations for improving the online membership application (will require IT attention). The goals for this planning include:

- auto-populating renewal applications with membership and subscription preferences from the most recent term
- exploring the possibility of implementing auto-renewals and auto-payments
- permitting members to manage Life Membership payment options online

New Digital QST Benefit

The following activities will help promote the new digital *QST* benefit to members and prospective members:

- Survey data supports that ARRL members for whom we have email addresses recorded are among our most engaged and active members. Our interest is to increase the number of ARRL members that will be able to access *QST* online. To help bolster the digital *QST* circulation, our 2012 planning includes a direct mailing to members who do not have an email address recorded with ARRL (50,000), eliciting this data and promoting ARRL website registration.
- To help exploit the digital *QST* benefit for membership retention, a buck slip will be included in all 1st and 2nd renewal notices—touting the new benefit. Additional attention for the new benefit will be made through email renewal notices, website, print (*QST*, etc.) and other marketing channels.
- Membership campaigns sent to lapsed and “never” members will tout the new digital *QST* benefit. We anticipate that the new benefit will help drive higher return rates among lapsed members in particular.
- We will use the new digital *QST* benefit to help contribute to a new marketing strategy for increasing international (non US) ARRL membership. Among the ideas being considered is a collaborative membership scheme that links ARRL membership to membership in other national, sister-societies.

Field Recruitment

In 2012, we will continue to fulfill requests for our current collection of high quality collateral and display items used to support volunteers and staff involved with field-based membership recruitment and promoting Amateur Radio. These items are regularly requested by Directors, Vice Directors, Section Managers, club officials, members and staff.

National Events

Since 2005, we have developed a successful organizational presence for large-scale conventions such as the annual Dayton Hamvention and ARRL National Conventions. The centerpiece of our participation is ARRL EXPO, a showcase of ARRL exhibits, activities and program representatives.

| Hamvention | Membership Applications | Product Sales |
|------------|-------------------------|---------------|
| 2011 | 1,158 | \$67,500 |
| 2010 | 1,212 | \$65,000 |
| 2009 | 1,051 | \$64,000 |

Our 2012 planning includes participating in two large national events. Since the events are 4-months apart, we will take advantage of repurposing materials to support both events:

- **Dayton Hamvention** in Dayton, Ohio
May 18-20, 2012
 - ~20 exhibits; major exhibits include sales/membership, award card checking (DXCC, etc.), public service and EmComm, project building, ARRL Youth Lounge.
 - 20 staff* (24 in 2011)
 - 100 volunteers
 - Speakers/Presenters (as part of the Hamvention forum slate)
 - Youth Activities

- **ARRL National Convention** at PACIFICON in Santa Clara, California
October 12-14, 2012
 - ~10 exhibits; major exhibits include sales/membership, award card checking (DXCC, etc.), public service and EmComm, project building, ARRL Youth Lounge.
 - 12 staff*
 - 40 volunteers
 - Speakers/Presenters (as part of the Ham-Com forum slate)
 - ARRL Wouff Hong Ceremony
 - Youth Activities

*Operational staff. Does not include staff officers, Media and Public Relations Manager, Regulatory Information Manager, and General Counsel.

Affinity Benefit Programs

We will support the existing suite of affinity benefit programs:

- ARRL Visa Card (US Bank)
- MetLife Home & Auto Insurance Program
- ARRL Equipment Insurance Program (Hays Affinity Group)

Efforts to investigate and implement new benefits for our members are ongoing. We have recently affiliated with Commission Junction and have begun adding additional online discount programs for members (approved by the A&F Committee in July 2011).

ARRL Tour and Visitors Program

We continue to receive the support of 20 volunteers as part of the HQ volunteer “Tour Guides” program. We enjoy getting regular “thank you” correspondence from members and clubs that have enjoyed tours of HQ and W1AW by these enthusiastic and dedicated volunteers. Sustaining this program in 2012 will require:

- weekly/monthly scheduling and communication with the volunteer core
- ongoing training, including training of new tour guides as necessary
- recognition events for the volunteers

- additional program development (for instance, in 2011 we began asking the tour guides to photograph visitors; these photos are regularly posted to ARRL’s Facebook Page)

Publication and Product Sales

The 2012 publication and product sales forecast is \$3,170,209.

| | |
|---------------|-------------|
| 2012 forecast | \$3,170,209 |
| 2011 forecast | \$3,231,610 |
| 2010 | \$3,103,000 |

Strategies

New Products

Our most successful sales strategies involve the regular introduction of new products, particularly new publications, throughout the year. Sales promotions and advertising often focus on new publications, while benefiting our long tail of previously published titles and third-party offerings.

Publication opportunities in 2012 include new editions of flagship titles (*ARRL Repeater Directory*, *ARRL Handbook*, *ARRL Operating Manual*) and other popular books, as well as some entirely new titles. Additionally, we will continue to expand offerings of ARRL-branded merchandise, and re-sale of third-party publications, kits and other products.

Multi-Channel Product Marketing

Marketing ARRL publications and products involves a multi-channel ‘mix’ of strategies and tactics:

- Online ecommerce
- Email solicitations and “new product” bulletins
- Advertising: *QST*, *NCJ*, *QEX*, digital *QST*, web, e-newsletters, third-party catalogs, etc.
- Copywriting: book covers and product packaging, e-store.
- Direct mail
- Catalogs and flyers (ride-along with other ARRL mailings and fulfillment)

Other Marketing Activities

Marketing attention will be given to these existing publication and product areas.

- Custom awards, specialty products and apparel (includes expanding the newly introduced “global-themed” merchandise and apparel)
- ARRL Field Day product line (over \$71k from March-June 2011)
- ARRL “When All Else Fails” product line (reintroduction)
- ARRL Periodicals: *NCJ* and *QEX*
- Other commission, royalty and licensing agreements

Assumptions and Risks

- 1) Book delays and underperforming titles add some uncertainty to sales forecasting. The forecast also assumes new titles will help drive interest for older titles (our long tail).
- 2) To help re-invigorate interest in ARRL license manuals, all of our license manuals were re-introduced with practice exam software in 2011. This, coupled with a price increase, has had a positive effect on license manual sales. However, low levels of new licensees during the first half of 2011 is an indicator of some uncertainty and risk in predicting sales of license manuals among prospective hams for 2012.
- 3) We regularly follow trends that split our customer base between direct sales and wholesale purchases. Some customers prefer to purchase books directly from ARRL, while others turn to Amazon, Barnes & Noble or other major book outlets who sell our manuals much cheaper (sometimes as a loss leader). The sales mix is further complicated by the fact that some titles are sold more successfully via direct promotion and fulfillment, while others are sold primarily through our wholesale buyers. We will aggressively continue to leverage all sales channels: direct, dealer and wholesale.
- 4) In May 2012, we will introduce a new flagship title, *Emergency Communication Handbook*. We are already considering the best approach for introducing the most comprehensive and largest emergency communication resource into the market.
- 5) In fall 2012, we will introduce both the 2013 *ARRL Handbook* and the 10th edition of the *ARRL Operating Manual*. This is the second year we will be introducing two flagship titles during the same period. Similar to the *Handbook* and *Antenna Book* introduced together in 2011, the rollout of these 2012 titles will be choreographed to promote these flagships as a pair of books every radio amateur should have.

B. Fulfillment and Warehouse

The Fulfillment and Warehouse branches support membership application processing, circulation (*QST*, *NCJ* and *QEX*), product sales, direct mail campaigns, sales of logo-bearing clothing and other merchandise. These branches also manage fulfillment of exhibit and event collateral (forms, brochures and handouts, display materials, and other media) and in-house inventory fulfillment and distribution (including membership signing premiums).

Our staff supporting these areas is adeptly cross-trained in all responsibilities to support efficient work flow among these diverse activities.

Strategies

Technology: The planned integration of online ordering into the inventory and accounting system was not realized in 2011. New efficiencies will be attained once our

member services team no longer has to re-key online publication orders. Members will enjoy more information about order status, package tracking, and sales history.

Training: The member services team receives ongoing training and regular evaluation. Processing efficiencies have contributed to greater emphasis on our personal contact with members and customers (for example, centralizing incoming telephone calls in 2011). The team is trained to help educate members about benefits, and to leverage cross-selling and up-selling opportunities.

Cost Management: We are committed to serving members and customers through cost effective, customer service oriented fulfillment strategies. Cost savings is central in our consideration of carrier options, costs for materials and supplies, in contract negotiations, and all of our business dealings. Printing and mailing services are regularly sourced. Competitive pricing is solicited for all projects. Periodic reviews are made to ensure compliance with postal regulations.

4. Capital Investment Requirements

Telephone Reporting System – \$9.3k (see Capital Item proposal)

Purchase period: Q1-2012

In the summer of 2011, we centralized much of the incoming phone volume into the member services team. The benefits of this integration include fewer transfers, more time for call screening, up sell opportunities and improvements in workflow. To further support and manage this change, our 2012 planning includes a capital investment in a telephone reporting application (software and hardware) to better manage and measure call status in real time: activity, wait times, call routing, scheduling, reporting, etc. The application will support 20 users including call groups within Sales and Marketing, Awards, and VEC departments.

PUBLICATIONS

1. Mission Statement

The Publications Department is responsible for producing (writing and/or editing) ARRL publication products including books, video presentations, software, CD-ROMs and some World Wide Web content.

Operational Goal: To produce well written, technically accurate publications and other items that not only generate net revenue, but also further the educational and other objectives of the organization.

2. Products and Services

The publication department produces these periodicals:

- A. *QST* magazine (print)
- B. *QST* magazine (digital – beginning with June 2012 issue)
- C. *QEX* magazine
- D. *NCJ* magazine

New book and CD titles for 2012, including new editions of existing titles: New Titles are in **RED**

| <i>Title</i> | <i>Author</i> | <i>To Press</i> | <i>In Stock</i> |
|--|-------------------------|-----------------|-----------------|
| <i>Get on the Air with HF Digital</i> | Steve Ford | 12/01/2011 | 01/15/2012 |
| <i>2011 Periodicals CD</i> | Shelly Bloom | 12/15/2011 | 01/15/2012 |
| <i>Repeater Directory</i> | Steve Ford | 02/15/2012 | 04/01/2012 |
| <i>Small Antennas for 160 Meters</i> | Grant Bingeman | 02/01/2012 | 03/01/2012 |
| <i>ABCs of SDR</i> | Martin Ewing | 02/01/2012 | 03/01/2012 |
| <i>Low Power Communications - 4th ed</i> | Rich Arland | 02/01/2012 | 03/01/2012 |
| <i>Emergency Communications Handbook</i> | Various | 04/01/2012 | 05/01/2012 |
| <i>Hints and Kinks Anthology</i> | Becky Schoenfeld | 03/01/2012 | 04/01/2012 |
| <i>Software Library 4.0 CD-ROM</i> | Steve Ford | 03/01/2012 | 04/01/2012 |
| <i>TravelPlus CD-ROM</i> | Al Ambrose | 04/01/2012 | 05/01/2012 |
| <i>TravelPlus Mobile GPS</i> | Al Ambrose | 04/01/2012 | 05/01/2012 |
| <i>Extra Class License Manual</i> | Mark Wilson/Ward Silver | 04/01/2012 | 05/01/2012 |
| <i>Extra Class Q&A</i> | Mark Wilson/Ward Silver | 04/01/2012 | 05/01/2012 |
| <i>Exam Review Suite CD_ROM</i> | McSynder | 04/01/2012 | 05/01/2012 |

| | | | |
|---|-------------|------------|------------|
| <i>DXCC Yearbook</i> | Various | 05/01/2012 | 06/01/2012 |
| <i>2013 Handbook</i> | Various | 08/15/2012 | 10/01/2012 |
| <i>2013 Calendar</i> | Steve Ford | 09/01/2012 | 10/01/2012 |
| <i>Care and Feeding of Transmission Lines</i> | Joel Hallas | 09/01/2012 | 10/01/2012 |
| <i>Antenna Modeling for Beginners</i> | Ward Silver | 09/01/2012 | 10/01/2012 |
| <i>ARRL Operating Manual, new ed</i> | Mark Wilson | 09/01/2012 | 10/01/2012 |

3. Capital Investment

Update of *AutoCAD* software: \$8000 (two installations at \$4000 each) – First Quarter

Our current version of *AutoCAD* (2005) is beginning to bog down under the demands of newer graphics tasks and operating systems. For example, a recent job for the Second Century Campaign required detailed modeling and rendering that taxed the capabilities of our current system. The IT department delivered a new *Windows 7* computer to help speed the process, but our copy of *AutoCAD 2005* turned out to be incompatible with *Windows 7*. Dave Pingree, our senior illustrator, downloaded and installed a demo version of *AutoCAD 2012*, which runs smoothly on the new machine under *Windows 7*. He was able to open and manipulate several complex drawings without any hesitation or crashes.

AutoCAD 2012 has *many* new and improved features and improved support for PDF and web content. The new features will help us advance the visual appeal of both our print and multimedia content. Purchase date:

Update to *InDesign 6* software: \$6000 (eight installations at \$750 each) – Second Quarter

We need to remain up to date with *InDesign* so that we can take advantage of new capabilities while improving efficiency of current projects.

Dedicated Network Storage for Graphics and Composition: (\$2000) – First Quarter

Both the Graphics and Composition areas are straining the limits of our current network storage capacity. In discussions with our IT department, they have strongly suggested the addition of new multi-terabyte storage dedicated solely to these areas of our department.

BUSINESS SERVICES

1. Mission Statement

The Business Services Department is responsible for:

- Advertising Sales
- Publication and Product Wholesale Sales
- Graphic Design
- The ARRL On-Line Auction

The group's primary activity is selling print advertising for *QST*, *NCJ*, *QEX* and other ARRL publications. We continue to expand our digital advertising sales beyond website banner advertising to include advertising sales for ARRL e-mail newsletters and the ARRL website. Of course, our digital sales efforts will expand even further with the debut of digital *QST*.

Business Services is responsible for all book sales to the wholesale market that includes traditional Amateur Radio point of sales locations and mainstream wholesale booksellers.

Our group provides graphic design support to various departments at HQ, producing a variety of promotional pieces, displays, certificates and digital designs. We also work with external clients to produce many of the advertisements featured in *QST* and other advertising vehicles.

Our entire staff participates in the yearly *ARRL On-Line Auction*. Our duties include inventorying the product review equipment, customizing the software platform to meet our requirements and showcasing the products that are for sale. We also manage event from beginning to end.

2. Staffing Changes

There are no anticipated staffing changes for 2012.

3. Products and Services

Advertising Sales

Our 2012 goal for advertising revenue is \$2,536,260. Despite the fact that mainstream and niche advertising continue to decline in the current economy, we will exceed the 2011 plan by a very small margin.

During the course of the year, we added 17 new advertisers to the list of ARRL business partners. However, a number of our clients continued to experience difficulties in the same major areas as the prior year:

1. Declining sales of Amateur Radio equipment, especially big ticket items. These declines have caused several clients to eliminate or decrease their advertising presence.
2. A second round of steep cuts in advertising cooperative funds coupled with product price hikes (further narrowing profit margins) from major manufacturers. These actions affecting our clients' ability to advertise.
3. A tight credit market for small businesses that continued to severely limit borrowing opportunities from their traditional lending/credit line sources making it difficult for them procure stock.

We spent an even greater amount of time working with clients who had to make some very difficult decisions regarding their advertising. As advertising subsidies continued to dry up and sales decline, our clients realized that they could no longer place advertisements in a variety of publications simply out of habit. Our Staff provided statistics and solid advice in helping those clients to assess where their advertising funds would serve them best. We also continued to provide numerous consultations regarding the effectiveness of advertisements, from the imagery to the text.

We countered numerous setbacks by working directly with troubled clients, continuing to procure new advertising accounts and working with our present client base that, despite the current climate, is still thriving. We have also diligently worked to nurture the relationships we enjoy with all clients by on-going personal contact, ensuring them that we have a genuine interest in their businesses, that we want them to succeed and that we will help whenever we can.

We also added revenue by further expanding our design services during the year. In addition to creating advertisements for our *QST* clients, notables included specialty advertisements and catalog covers for Ham Radio Outlet, pamphlets and promotional fliers for Hampros, several advertisements for the 3M Corporation and we are currently acting as the primary designer for the Amateur Division of Yaesu USA.

To summarize, our 2012 plans are to continue to aggressively seek out new advertisers, work with our present advertisers to maintain and, hopefully, expand their advertising presence and to work with our clients experiencing difficulties to maintain a presence in *QST* and other vehicles. We also will create new advertising strategies and plans for digital *QST* when it is launched mid-year.

Based on the number of challenges described above, we have budgeted 2012 advertising sales at the same level as 2011.

Publication and Product Wholesale Sales

During 2011, we achieved our goal of forming more personal relationships with our mainstream wholesale clients. They constitute a significant portion of our wholesale book business and Amazon.com remains our number one client in terms of gross revenue.

Our traditional Amateur Radio dealers have seen varied levels of success. Dealers who have primarily relied on brick and mortar marketplaces have not fared as well as those dealers who have chosen to expand and upgrade their web presence for book sales. Wholesale book sales currently contribute approximately 44% of all book revenue.

Our 2012 plans call for the continuation of personalized relationship building with our wholesale clients. It is a challenging environment because while these clients trust us, they also view us as their competition because our retail book sales have taken sales away from them. Our emphasis continues to be consultative here. Running sales, website improvements and other promotional offers can make a difference in their sales and we continue to stress this to our clients and provide assistance wherever we can.

To summarize, in 2012, our goal continues to be increasing the volume of wholesale book sales in a climate where potential clients are hesitant to invest in new stock lines. We hope to make more headway by continuing personal contact and emphasizing that the profit margin on ARRL products is larger than much of the equipment they currently sell.

Capital Request

No capital requests.

DEVELOPMENT

With the approach of ARRL's centennial, ARRL's Board of Directors has resolved to support The Second Century Campaign. As with any endowment campaign, this endeavor is a significant undertaking, requiring the full commitment of ARRL's board, staff and volunteers. The Campaign is in addition to Development's ongoing work to raise unrestricted funds. Development also works to develop revenue to support Spectrum Defense, Education and Technology, W1AW and several supplementary funds, manages a planned giving program and a Member Loyalty program.

The Development Office is well positioned to roll out The Second Century Campaign due to the following accomplishments:

- Recruited Second Century Campaign Chair and nine committee members.
- Developed Campaign logo and supporting materials including vision statement, gift acceptance policies, calendar of activities, five-year budget, and donor commitment form
- Completed prospect research (by Wealth Engine); prospects reviewed and ranked by giving capacity and inclination to give; assignments made for cultivation.
- Hired new Individual Giving Manager to support Development campaigns and operations.

The Second Century Campaign

The Campaign Chair and committee members are ready to launch the "quiet phase" of the campaign, including personal commitments, assignment of prospects, and solicitation of the ARRL Board. The Chair and committee members, together with the ARRL Board, will commit to an overall goal for the campaign. The campaign goal is further broken down by required number of gifts at leadership and major gift levels, naming opportunities, and types of funds to be endowed. Donors will be able to pledge gifts to a variety of endowments, including naming opportunities, and will have the opportunity to pay their pledges through a variety of financial means, including planned giving vehicles. Pledges may also be paid over the course of several years.

ARRL's announced the Second Century Campaign in May 2011, leading directly into the leadership gift phase. At this time, all ARRL board members and staff must be willing to maximize every opportunity to support this campaign, including making themselves available to meet with potential donors, managing funds, creating awareness and publicizing campaign results, and acknowledging donors.

Estimated commitments to the campaign in 2012 are estimated to reach \$5,000,000.

Annual Giving – The Diamond Club

The Diamond Club target for 2012 is \$295,000 in unrestricted giving from the nearly 2000 Diamond Club donors. Once again Development will offer the ability to pay pledges through monthly and quarterly installments—a strategy that has proved extremely effective. The

Diamond Terrace at ARRL also continues to be well-received by donors, and in 2012 the estimate is for 150 new bricks to be installed. These bricks are inscribed at the donor's wish to list their name and call sign or to recognize a friend, Elmer or Silent Key.

All term members will continue to receive a Diamond Club ask via a special buck slip included with their membership card when mailed. At key times throughout the year, Active and Lapsed Diamond Club members are asked to renew or increase their level of giving. We also hope to implement highly personalized solicitations *at the time of renewals* and use email solicitations for a more immediate response rate to increase both number of donors and the level of giving.

Diamond Club members will be thanked with a number of benefits, depending on their contribution level. All Diamond Club donors are given a pin, certificate and car decals. Donors and ARRL members are offered a calendar in the fourth quarter if they renew or join before December 31. No new benefits are proposed for 2012.

Development plans to raise \$295,000 in Diamond Club revenue in 2012, and increase membership to more than 2000 donors.

The ARRL Maxim Society recognizes ARRL donors whose lifetime giving to all campaigns has reached \$10,000 or more. Anticipating the launch of the Second Century Campaign new recognition levels were developed in The Maxim Society for leadership gifts or commitments of \$1,000,000 or more.

The Legacy Circle acknowledges members who have provided for ARRL in their estate plans. These planned giving commitments will be an important aspect of the Second Century Campaign. The Legacy Circle is regularly promoted in QST, on the website and through other donor contacts. Donors to the Second Century Campaign whose commitments include an estate giving component will be welcomed into the Legacy Circle.

Other Unrestricted Giving and the Combined Federal Campaign (CFC)

ARRL will file its annual application in December 2011 to participate in the Federal government's Combined Federal Campaign for its employees. This campaign runs concurrently with the United Way Community Campaign and generates more than \$40,000 in annual revenue to ARRL with little or no effort or expense by Development staff. The Combined Federal Campaign plus other unrestricted gifts are estimated to reach \$70,000 in 2012.

ARRL Funds – The Spectrum Defense Fund

Spectrum Defense Matters, a quarterly newsletter established in 2010, contains current topics of interest pertaining to Spectrum Defense. Key contributors include CEO Sumner, CTO Price and CDO Hobart. The content corroborates the importance of ARRL advocating for Amateur Radio spectrum and inspires members to support this effort. The newsletter is mailed quarterly in printed form to a 35,000 previous Defense donors, and in an e-blast to approximately 90,000 ARRL members. It is also posted in an on-line archive in the Spectrum Defense Fund section of the ARRL web site. The financial goal for 2012 is to raise \$375,000 throughout the year.

ARRL Funds – The Education & Technology Fund

One of ARRL's most important roles is to encourage interest in, and a lifelong passion for Amateur Radio in young people. ARRL's Educational Dept. runs a schedule of Teacher Institutes in Wireless Technology, and supporting Amateur Radio in Scouting and in classrooms, including contact with the International Space Station through the ARISS program. Development works to create awareness of educational activities in our members and actively solicits their support of these critical programs. A solicitation to 75,000 members is scheduled for May of 2012 to raise funds, with appropriate personalization and follow-up. The strategy is to "tell the story" in the words of the teachers and the students of the impact our programs have had in the classroom and in their lives. A select group of donors will be solicited early in 2012 to support the Teachers Institutes with a total goal for that group of \$150,000.

Development hopes to raise a grand total of \$65,000 from ARRL members for Education & Technology Programs and an additional \$150,000 for the Teachers Institutes.

Development will be working with Education Services and Robert Clark of Penn State University on an application for a multi-year National Science Foundation Grant to support the expansion of the national program to encourage wireless technology literacy.

ARRL Funds – W1AW Endowment Fund

Every other year Development seeks member support of the W1AW Endowment Fund, a targeted fund that supports the historic Hiram P. Maxim Memorial Station, W1AW. A solicitation is scheduled to 50,000 targeted donors in February 2012. These funds added to the W1AW Endowment to maintain the building and equipment housed therein, both historical and active. The campaign in 2012 is estimated to contribute \$50,000 to the W1AW Endowment.

ARRL Funds – Historic Preservation Fund

For the past several years the YASME Foundation has generously provided funding for ARRL's work to preserve its history. The Second Century Campaign will shed a greater spotlight on ARRL's collections and our story. Development plans to continue its efforts to attract funding from YASME and others to support the Historic Preservation work.

ARRL Funds – Year End Appeal

At the end of the calendar year, Development offers donors and members the opportunity to make a contribution to ARRL. We plan to use primarily email solicitations to have an immediate impact, and using bulk mail for those members without email addresses. This last chance effort will allow us to exceed our revenue goal using a compelling, positive message.

The goal for this effort is \$32,500. However, some gifts may be designated towards specific funds. Once again, a "Donor Rewards" coupon will be used as an incentive to attract contributions over \$50 before December 31.

Each year, Development asks the ARRL Officers and Directors to make their personal contribution to ARRL to the fund of their choice. As we move into the Second Century Campaign, 100 percent Board giving is crucial both annually and to the campaign to send a strong message to members and to ensure the success of the Second Century Campaign.

Other Development Activities

Development will continue to recognize the longevity of ARRL members in the first quarter of 2011. Members whose support has reached the 40-, 50-, 60-, 70- or 80-year milestone will receive a congratulatory letter, certificate and pin. Members of 50 years will receive notice of one complimentary year of Diamond Club membership. All members at decade milestone of 50- years or more are eligible to purchase (at cost plus shipping) a QST cover plaque marking their decade milestone. Pursuant to ARRL Board vote in July 2011, 70-year members will be offered a complimentary plaque in 2012 and 2013.

The annual donor reception in Dayton just prior to Hamvention in May will host donors whose giving has reached \$1,000 or more during one or both of the previous two years. This event is an opportunity for ARRL Board members to meet and personally thank some of ARRL's most generous donors, including Maxim Society members, Legacy Society members and key prospects. More than 400 invitations are mailed in March and attendance is expected to be 120-130 guests.

Each year, donors whose total giving and commitments for the prior year has reached \$1,000 or more are given the opportunity to be recognized in the ARRL Annual Report, on the website and in QST. Letters requesting permission for this listing are mailed during the first quarter.

The ARRL Development Office is fully staffed with the addition of Lauren Clarke as Individual Giving Manager. Lauren's early demonstration of her Development abilities will ensure that CDO Hobart will be able to devote a significant amount of time to the Second Century Campaign.

CONTROLLER

The Controller's Department is responsible for the day-to-day accounting functions of the organization. These include, among others, cash receipts, cash disbursements, payroll, credit/collections, general ledger maintenance, subsidiary ledger updates, fixed asset maintenance and inventory. Financial results are then distributed monthly or quarterly to all appropriate parties.

In 2012 we will maintain current staffing levels.

While we will continue to analyze procedures and cross train staff, in 2012 we will be focusing on implementing an asset tag system to more accurately track fixed assets. In addition, we will be reviewing our credit card processing vendors to ensure ARRL is enjoying the most competitive rates.

MAILROOM

The Mailroom is responsible for continuous processing of outgoing mail for all departments. Some of these mailings include: membership renewal notices, membership cards, ballots, new Ham mailings, Diamond Club mailings, MVP certificates, pins, contest awards, and license renewals. The mailroom also handles incoming packages, all priority, certified and registered mail.

In 2012 we expect to maintain current staffing levels.

2012 brings the mailroom new efficiency with the new folder/insert machine. The mailroom's focus will be to work individually with departments to maximize the use of the new equipment along with educating departments on all of their mailing options to ensure the most cost effective method will be utilized without compromising the services needed. The mailroom staff will also continue to help support the warehouse during peak processing times.

INFORMATION TECHNOLOGY

2011 was a year of change in the Information Technology Department. Mid-year the department saw the departure of its manager and long-time HQ staffer Jon Bloom. In wake of that change, the department was subsequently re-structured via creation of Infrastructure & Operations and Development groups from within its ranks.

Promotions to fill the position of department manager and the newly created position of manager for the Infrastructure & Operations group combined with the decision of the senior Network Engineer to shift to part-time status created a temporary understaffing of the department. With the hiring of a replacement Technical Support Specialist and planned hiring of a junior Network Engineer, the expectation is that the department will be fully staffed at the start of 2012.

The plan for 2012 includes the addition of part-time developer to the Development group. The primary focus of this new position will be to address the backlog of bug fixes and enhancements requests for the website and web-based infrastructure.

2012 will be a year to build upon the momentum established in 2011 by the successful completion of multiple projects in support of all areas of the organization. Although work still remains to be done in completing the transfer of some prior functionality to the website, sufficient department resources exist to apply to a broad array of projects as well as to undertake a major initiative to produce the replacement for our membership management system (Siebel).

A project planned to be kicked-off in 2012 is to produce a successor membership management system for our exiting membership / customer relationship management (CRM) system, Siebel. Our Siebel system is approaching 14-years of age. We continue to operate using the original version of the database software that we acquired in 1998 because upgrading to a more current (and supported) version has been and continues to be cost prohibitive. The combination of age and a lack of support raise serious maintainability concerns for this critical system.

An important lesson that has been learned from previous experience with commercial off-the-shelf (COTS) solutions for customer relationship/membership management software, both Siebel and its predecessors, is that our organization requires a very high degree of customization in its membership management system. The amount of programming effort, either internal or external, necessary to meet our unique set of requirements is the dominant contributor to both project cost and schedule. Historically, any advantage of building upon a commercially available product has been offset by a lack of adaptability of such products. Additionally, the lack of visibility into “closed source” commercial systems eventually becomes a serious limitation in the out years when system maintenance and the development of enhancement and upgrades are performed by our IT staff.

Our recommended approach for a new membership management system is based upon the IT department’s success in creating auxiliary data management systems in support of the website and other areas which the Siebel system did not support. These systems, which have collectively been given the name of “ARRL InfoSys” (AIS), have been implemented in a modular fashion

using open source development tools, an open source database engine and standardized interfaces.

The modularity is key as it permits the addition of new data sets to AIS (Contests, Continuing Education, Hamfests) to be done in an incremental fashion. Use of standard interfaces is key as it allows for the eventual replacement of individual software components, such as the data base engine, as technology evolves.

In 2012 we plan to begin the design and implantation of a Membership & Subscription module for AIS as the replacement for this aspect of the Siebel system. This will be a substantial project that we anticipate taking 18 to 24 months to execute.

In addition to AIS, we have identified the follow specific projects for 2012. This is the priority list with which we will begin the year. This does not mean that priorities won't change or projects can't be added, but it must be noted that additions to the list will have to be prioritized and will impact the delivery of those projects deemed to be lower on the priority list.

High Priority Projects:

1. Membership authentication for Digital QST DRM system (interface with Nxtbook)
2. Complete E-Store integration with accounting system and deploy in-house order entry screens
3. Membership
 - a) Web membership application & renewals
 - b) Resolve Membership account management issues
 - c) Automatic renewal of membership
4. Resolve issues with club data by adding a club module to the ARRL Information System (AIS)
5. Migrate the remaining unique functionality of the DXCC system to Logbook of the World system
6. Log Book of the World
 - a) Client side (tQSL/tQSLCert) replacement
 - b) Database software upgrade
 - c) Integration with external logging software
 - d) Add LoTW support for multi-band awards, e.g. 5BDXCC & 5BWAS
 - e) Add CQ Award (WPX) to Logbook
7. Successor Membership Management System — ARRL Information System

Medium Priority Projects:

1. Contest databases and “Contest 2020”
2. Remote entry portal for VE teams

Low Priority Projects:

1. Convert remaining physical servers to virtual hosts
 - a) MS Exchange server (e-mail)
 - b) Active Directory servers (HQ network infrastructure)
 - c) Servers for the membership (Seibel) and financial (Great Plains) databases
 - d) Network file servers

Generally, it should not be assumed that these projects will be done in the order shown above. Work will be performed on higher-priority projects preference to lower-priority projects, but since there are limited resources (mostly staff time) available to be assigned to projects, the order in which projects are started, worked upon and completed will not necessarily exactly follow the list. Multiple projects will be worked on simultaneously. In addition, some of the projects shown are dependent on other projects or activities not listed. Finally, some of the listed projects will be done piecemeal.

WASHINGTON

The major objectives for the Chief Technology Officer and his staff are effective representation of Amateur Radio interests at RA-12 and WRC-12, held in January and February in Geneva.

The Chief Technology Officer's objectives for the remainder of the year depend in large part on the agenda for WRC-15 as determined at WRC-12. While impossible to predict with certainty in advance, three broad areas are likely to be at the forefront of the next WRC cycle:

1. Work on IMT harmonization, which is essentially an international parallel to the FCC's National Broadband Plan. Amateur Radio has access to several bands in the range likely to be considered. IMT is the responsibility of ITU-R Working Party 5D, which does not ordinarily meet in with the other working parties of Study Group 5, and ordinarily meets outside of Geneva. If these practices continue, more trips will have to be made by the CTO and his staff, but likely to less expensive locales than Geneva.
2. Two regional bodies will ask WRC-12 to evaluate a primary allocation to radiolocation at 77.5-78 GHz for automotive radiolocation applications. This work will be carried out in the block of meetings in which Amateur Radio business is ordinarily conducted.
3. General regulatory issues covered in Study Group 1 will continue to merit monitoring, particularly with respect to PLT (ITU-speak for BPL).

The Chief Technology Officer's office may relocate within Northern Virginia at the expiration of the current lease in June 2012.

The objectives of the General Counsel's office and our Legislative contractor remain unchanged, and their professional fees (estimated for the General Counsel, established for our legislative contractor) are reflected on the appropriate lines.

MEDIA & PUBLIC RELATIONS

Goals for 2012 fall into 3 major areas:

The internal goal for 2012 will be providing PIOs and others with materials they modify and use locally and keeping the ARRL's name prominent and included in all publicity about Amateur Radio. This includes the many printed and website materials, three major campaign themes and continuation of educational and motivational outreach to PIOs.

To fund these actions, the budget includes items that have been appreciated and successful in the past, such as stickers and buttons related to the coming DIY video, another 100 uses of the PR-101 final exam with HostedTest.com and three major wire releases.

The external goal will be the reinforcing of ARRL relationships that have been developed with media professionals in anticipation of a probable staffing change. "It's not just what you know, but who you know" is more than a truism in PR work. 2012 will include re-pointing many relationships developed with PICs and PIOs, RTDNA and PRSA members, professional writers and others, either to a new PR manager or generically to ARRL overall.

To accomplish this, the budget includes dues for continuing membership in the major national organizations of RTDNA and PRSA, plus going to the RTDNA/NAB national convention (which I have done every other year).

Long range goal is the continuation of many projects currently desired or planned. These include work on the ARRL centennial, updating of the PR-101 (201 ?) course, creation of a book about PIOs and of requested ARRL videos such as:

- President Cragie's "Advocacy video,"
- Public service announcements
- How to run a successful testing session
- How untrained hams can best help by giving initial situational reports in a crisis

The potential and need for video work by ARRL remains, but it has become evident that current staffing demands do not allow for managers to follow up on their desire to create these pieces. All the projects in this category are intensive work, but have specific goals and end dates. Except for the ARES video, there is no listing for any of these in the budget at this time because their cost and what my role in them might be is yet to be determined. Barring further economic downturns and chaos, Allen Pitts hopes to semi-retire in the fall of 2012. He intends to keep management informed and work with them on any transition plans.

As in every previous year, there is no way to predict just what events may happen. Some require a major PR response by ARRL. Others are unforeseen opportunities. The "miscellaneous" budget line allows for rapid reaction to these opportunities and has saved ARRL significant funds in the past when events, production and media bargains presented themselves. It also includes funds for one hardcopy of Bacon's newspaper and magazine directory. This book, though expensive, has been a major aid in the past and our last copy now is 5 years old.

MEMBERSHIP AND VOLUNTEER PROGRAMS

1. MVP Department Mission and Goals:

Our goal is to provide high quality and responsive service to our members and field volunteers in the following areas: operating awards, Logbook of the World, contests, field organization, emergency communications, hamfests, Amateur Auxiliary, Board Awards and club support.

2. Staffing Updates and Changes

One of the objectives of MVP management for 2012 is to continue to stress cross-training of staff across the entire department. The benefits of having people on staff who can do more than one thing are many, and include being able to step-in when someone is lost to sickness or injury for an extended period; to relieve the stress and/or monotony of performing the same tasks daily; and to increase the efficiency of the entire departmental operation. We have been successful thus far. Most of the DXCC staff are able to process plaque orders, assist with updating of affiliated club information, perform customer service in person and over the telephone, assist with contest log processing, work in the QSL Bureau and assist with administrative duties. All MVP staff assist with the Section Manager election processing. We will continue this process throughout 2012.

MVP will continue to organize and locate HQ staff and/or volunteer personnel for Member Contact Travel, as well as have our staff take on Member Contact and departmental travel and convention attendance at events such as major DX conventions around the world, Dayton Hamvention, Emergency Communications conferences and meetings, and various agency and volunteer organizations.

The Plan for 2012 includes MVP staffed with 21 full-time, 2 part-time, and 1 summer employee. Additionally, we recommend that ARRL add a single, full-time Awards and Programs Assistant position to the MVP Department. This position would be filled by an experienced Ham Radio operator, with extensive experience in operating and awards, and Logbook of the World. This person would immediately be pressed into service providing support for LoTW, and would long-term be expected to assist the DXCC Manager with all aspects of the position. The approximate annual cost for this position, including benefits, is \$37,500.

3. Products and Services

A. Operating Awards

The Awards Branch includes DXCC, WAS, VUCC, WAC and other certificate programs. It continues to be MVP's main source of activity and revenue growth. The DXCC program grew considerably in 2011. As of September 23, 2011, DXCC had received with 6,730 applications containing 779,704 entity credits compared to 4,923

applications with 583,627 entity credits in 2010. In 2011, DXCC maintained consistent staffing which allowed for maximum attention to DXCC processing. As DXCC continues to work towards a system based upon LoTW, efficiency and turnaround time will be reduced.

The current DXCC processing system continues running on Foxpro and is working satisfactorily, but it has developed some problems which will be remedied through eventual migration to a system based in LoTW in 2012 that will include a web based award entry system. This will eventually lead to a significant processing-time reduction. We also expect that this will decrease the potential errors which occur with manual data input. The benefits of an electronic import feature for DXCC where applicants do the majority of the work will save DXCC staff a lot of processing time and decrease costs involved in the manual process. This digital tool will be released for testing and incorporation by logging program authors in the first quarter of 2012.

For 2012, we will transfer the processing of Extra Class certificates to the VEC Branch. Also, the A-1 Operator program will be managed by ARRL volunteer Dave Kaplan, WA1OUI. We have worked to streamline the tasks that need to be performed in the MVP Department, and to transfer tasks that can be done by other people on staff in order to allow MVP staff to concentrate on its core work.

In 2012, we anticipate offering a DXCC 75th anniversary certificate. We have included an additional \$50,000 in 2012 projected revenue based on the sale of these certificates.

We expect participation levels of other ARRL awards to remain consistent with previous years, and have experienced some increase in WAS awards thanks to more logs being placed into the LoTW system. This will continue in 2012.

B. Contests

This year we designed new awards certificates for the VHF family of contests. The ARRL graphics staff continues work on the HF family of contest certificates and these will roll out in 2012. We have included the extra costs for these proposed certificates in this plan.

Because of the transition from Jon Bloom to Mike Keane as IT Manager, we were unable to make progress on the repair of the Access queries used in the Contest Branch to generate contest results tables. The original \$10,000 budgeted for this project was not used in 2011.

C. Emergency Preparedness

The main concern in the plan for Emergency Preparedness centers on travel availability. Mike Corey, K11U, is frequently requested to travel and present at meetings and conventions around the country. The amount of travel in 2011 has stayed within budgeted amounts and may have achieved a good balance between Member Contact

Travel and representation at agencies and associations. We also need to leave open the possibility of accommodating unplanned travel requests – especially those requests that come from government agencies. Ken Bailey, K1FUG, will continue to take on travel assignments in 2012.

D. ARRL Field Organization

The Field Organization branch expects to have a need to print at least 12,000 ARES membership cards next year. These are not only sent to new ECs, DECs, SECs, but also to present ECs, DECs and SECs that are wishing to give new ARES cards to their renewed ARES members (as well as new ARES members).

Official Observer Advisory Notice cards and OO Good Operator Reports cards have been reprinted once a year for many years. Although electronic reporting and delivery of reports continues to be very common these days, it seems that some printed reporting cards and reporting forms will likely be necessary for some time to come. We wish to continue to include some amount in the budget to print a stock of OO Advisory Notice Cards and OO Good Operator Report cards for 2012.

On average, ARRL administers between seven and ten Section Manager Elections in a calendar-year. The cost of printing ballots, candidate statements, envelopes and mass mailing costs are included in the 2012 budget plan. It is very hard to predict how many elections will be held a year in advance. For example, some SM election cycles have no contested SM elections at all, and some cycles may have as many as five. (The fall of 2011 has three SM elections.) At the end of 2011, a total of seven SM balloted elections will have occurred within the calendar year of 2011.

The ARRL Section Managers' Workshop is held once a year at ARRL HQ. For the past few years, it has been held in either October or September. ARRL Headquarters reimburses customary expenses for Section Managers to travel to Newington. This includes the transportation, lodging and main meals throughout the Workshop weekend. On average, the ARRL Section Managers' Workshop for new Section Managers hosts around ten Section Managers per Workshop.

E. Board Awards

The ARRL Board of Directors has the prerogative to award several annual ARRL awards based upon nominations received each year. Over the past several years, the Field Organization Team has helped to coordinate the plaque and recognition program and the ordering of plaques for a few of these annual awards including the International Humanitarian Award; Hiram Percy Maxim Award (with a \$1,500 cash award included); the Technical Innovation Award (with a \$500 cash award included); the Herb S. Brier Instructor of the Year Award; Joe T. Knight Service Award (for outstanding Section Managers), and the George Hart, W1NJM, Distinguished Service Award.

F. Outgoing QSL Bureau

The Outgoing QSL Bureau continues to be a primary membership benefit enjoying high participation. Unfortunately, QSL Bureaus outside the USA are closing at an alarming rate. Some Bureaus that don't officially close continue to accept mailings of QSLs but do nothing with them. We would like to investigate ways to help these operations in 2012.

We continue to provide excellent customer service in bureau operations, thanks in large part to the considerate work of volunteers, including Lisa, K1UQT and Mike Zeug, W1YM, Rich Lawrence, KB1DMX, and David Kaplan, WA1OUI. These individuals will continue in 2012.

In a continuing effort to reduce departmental postage costs, mailings to the world's QSL Bureaus are now conducted on a three-month schedule.

G. W1AW

Operations at the station in 2012 will continue with no substantial changes.

4. Capital Investment

W1AW Equipment Replacement - 5-Year Capital Plan

There are three areas under consideration in the W1AW Capital Plan. They are: Broadcast equipment. Building repair/condition, and Visitor operating equipment

A. Broadcast Transmitters History:

The Harris broadcast transmitters and amplifiers (RF-3200 series) that were installed back in 1989 have been failing. Specifically, the quality of the CW tone has deteriorated. Spurs and phase-noise on our signals also created problems including spurious emissions. Since the transmitters are more than 19+ years old, it is difficult for Harris Corporation to repair them and, the repairs Harris performs do not bring the CW signal quality up to what should be expected from W1AW.

Over time, the Harris transmitters have been replaced with Amateur-grade equipment since the quality of this equipment has improved greatly since 1989, particularly with respect to stability and duty cycle. In 2007, four Icom IC-756ProIIs and one used Ten-Tec Orion I were purchased to replace the Harris broadcast transmitters. This purchase had included two ProIIs that were currently installed as part of an initial evaluation process. In 2008, two Icom IC-756ProIIIs and one Icom IC-PW1 amplifier were purchased to replace the "older" Icom IC-756Pro and Ten-Tec Omni VI+ and Hercules II amplifier that were still in operation.

In 2011, the Ten-Tec Orion I suffered a screen failure. A slight raspy signal problem also developed. Therefore, a "spare" Icom IC-756ProII was used as a replacement. Since

this ProII was not only a used transceiver and a spare to begin with, we recommend that we replace it in 2012 with a new radio, such as a Kenwood TS-590S.

For the next round of proposed broadcast transmitter replacement in 2014, we are budgeting \$5200 per unit. But if a less-costly radio like the TS-590S proves to be adequate, we can lower the cost estimates over the course of the next two years' plans.

B. Broadcast Amplifiers:

With the exception of the IC-PW1 that was acquired in 2006, and the Ameritron AL-1200 amplifiers purchased in 2009 and 2011, all the others have been in use for a number of years. The last three remaining Harris amplifiers (RF-3230) had been in service since 1989. An additional Icom IC-PW1 was also placed into service to replace a Harris amplifier that failed.

Therefore, we should give serious consideration to purchasing new amplifiers. The amplifiers we choose should be capable of all-band, auto-tune operation, like the PW1. The amplifiers should also be capable of meeting or exceeding (preferable) the full-legal limit.

The Acom 2000A has demonstrated itself to be quite the work-horse. In addition to being able to handle 1.5kW without difficulty, it also has automatic tuning and an internal antenna tuner. Consideration should be given to placing this amplifier (or an equivalent) in service for broadcasts.

Therefore, it is recommended that we purchase a minimum of three (3) new amplifiers over the next two years. With these new amplifiers our station presence will not be compromised.

C. Exterior maintenance:

The brickwork on W1AW dates back to 1938. Over the past seven decades, it can be assumed – given that available information on the work is at best spotty - the building had been re-pointed when needed. Based upon what we know, re-pointing was performed twice in the past 20+ years. As can readily be seen, there are holes already present - and in the process of forming - in the old mortar. Not taking into consideration the unsightliness of the holes, of more serious concern is the exposure to both the elements and insects. The last time the station was professionally re-pointed, the cost was approximately \$9500. Therefore, it is recommended that the station be re-pointed when feasible, no later than 2013. Not only will the look be improved, the integrity of the building will be retained. Given general construction cost increases, it can be assumed the cost will be at least \$10,000.

D. Visitor operating equipment:

The Kenwood TS-2000X was donated to W1AW in May 2002. The primary reason for the donation was to replace the aged Kenwood TS-790 Satellite transceiver. While the TS-2000X has performed as an okay HF transceiver, the satellite aspect of it has been a bit lacking. Because of issues with birdies on parts of the 70cm band, some popular amateur satellites are unusable since these same birdies appear on their downlink frequencies. Since we need to “showcase” the latest in amateur equipment, and provide a pleasant operating experience for visitors, it is necessary to upgrade both the oldest radios at the station as well as the radio used for Satellite work.

Icom currently has available the IC-9100 HF/V/UHF/Satellite transceiver. The ARRL Product Review radio has seen a few weeks of service at W1AW. It has proven itself to function quite well, both for HF/VHF and for satellite work. Therefore, we recommend we replace the TS-2000X with an Icom IC-9100. The current cost for this transceiver is \$4,600.

In addition, an average medium/high-end HF transceiver costs approximately \$5,200. This is based on figures taken from Universal Radio and AES. Assuming we opt to purchase at least one new radio over the next few years, the cost—based on current market values—will be \$5,200 (not counting any ancillary costs associated with the purchase).

E. New Personal Computers (PCs):

With the exception of the new office PC obtained in 2011, and a few others received dating back several years, every other PC in W1AW is used; a hand-me-down. While the primary use of these computers is for visitor logging and operating, the fact remains that they run at slow speeds. During Hurricane Irene operations at W1AW, the use of specific programs to assist with the operations was hampered because of the unreliability of the computers. One of the missions of W1AW is to showcase new technology (when possible) even if that includes “new” PC technology. Having what can be considered “antiquated PCs” does little to promote that image. At one time the cost of a single PC sat close to the one thousand dollar mark, but no longer. Fast and reliable PCs can now be purchased for less than \$700. Serious consideration should be given to upgrading the slow (and somewhat outdated) machines that are currently in operation at W1AW.

F. Weather Station

We currently have a failing, Peet Brothers weather system. This system allows us to beacon our local weather both on the APRS network as well as the CWOP (Citizen Weather Observer Program) system. The rain gauge is faulty and the barometric pressure and humidity readings are off. The anemometer also gives false readings. During Hurricane Irene – during which W1AW was activated - the NWS was accepting local weather reports. We were unable to provide accurate weather information since our system is faulty. Since W1AW is now regularly active during such events – and the

expectation is there that we will always participate in this type of weather reporting - we recommend replacing it with a new Davis Vantage Pro 2 weather system. This system costs \$895. The APRS software is \$195. The total cost is \$1090.

Summary:

The planned purchases/projects per year are as follows:

| Year | Equipment | # | Estimated Price | Total |
|-------------|---|----------|------------------------|-----------------|
| 2012 | New HP Compaq Tower PCs | 7 | \$680 | \$4760 |
| | Amplifier (broadcast) – Harris RF-3230 replaced | 1 | \$6900 | \$6900 |
| | New HF/V/UHF Satellite transceiver (replace Kenwood TS-2000X) | 1 | \$4600 | \$4600 |
| | Broadcast transceiver Replaces one radio | 1 | \$2000 | \$2000 |
| | Davis Weather Station | 1 | \$1090 | \$1090 |
| | | | 2012 TOTAL | \$19,350 |
| 2013 | Amplifier (broadcast) – Harris RF-3230 replaced | 1 | \$6900 | \$6900 |
| | Amplifier (broadcast) – Harris RF-3230 replaced | 1 | \$6900 | \$6900 |
| | Building Mortar Re-pointing | 1 | \$10000 | \$10,000 |
| | | | 2013 TOTAL | \$23,800 |
| 2014 | Transceiver (broadcast) Icom IC-756ProII replaced | 1 | \$5200 | \$5200 |
| | Transceiver (broadcast) – Icom IC-756ProII replaced | 1 | \$5200 | \$5200 |
| | | | 2014 TOTAL | \$10,400 |
| 2015 | Transceiver (broadcast) Icom IC-756ProII replaced | 1 | \$5200 | \$5200 |
| | | | 2015 TOTAL | \$5200 |
| 2016 | Amplifier(2-meter broadcasts) Mirage B1016 replaced | 1 | \$600 | \$600 |
| | | | 2016 TOTAL | \$600 |

EDUCATION SERVICES

1. Mission Statement

The Education Services Department currently has functional responsibilities for supporting volunteer instructors, guiding the development of license instruction materials, managing the Continuing Education Program of on-line courses and emergency communications field instruction and exams, and managing the educational outreach programs. Outreach programs include Amateur Radio on the International Space Station (ARISS) and the Education & Technology Program (ETP), including the Teachers Institute on Wireless Technology (TI). Education Services also provides coordinating support for outreach activities with the Scouts.

2. Staffing Changes

In the last quarter of 2011 two staff and contractor changes are being made. In October, a full-time Administrator was added to staff to replace a part-time staff person. This administrator will support all projects and programs of the Education Services Department.

Mark Spencer returned as a contractor to serve as ETP Coordinator on October 1. Since there is significantly less funding for the ETP available in 2012, with the exception of a stipend for one additional instructor to lead a single session of the Teachers Institute, fees for all other ETP contractors are eliminated from this budget. The budget also reduces contract support provided by Rosalie White for the ARISS program.

An addition to staff for an Instruction and Resource Coordinator has been included.

3. Products and Services

The only revenue stream managed by the Education Services Department is for enrollments in online courses. Revenue is projected conservatively based on 30 enrollments per month, 8 applicants for the EC-016 final assessment /month and an average of fees associated with 20 field exams per month.

- Support 3 sessions of the Teachers Institute for 40 participants, including one session of the TI-2;
- Manage two grant application cycles under the ETP;
- Work with Robert Clark from Penn State and the Development Office to develop project plans for grant applications for the ETP;
- Implement changes in EmComm training program as requested by Emergency Preparedness Manager and support development of training resource library on the website;
- Work with the Emergency Preparedness Manager to revise the advanced emcomm course (EC-016) (now 2 years old) and implement content changes, and implement content changes to the Intro to Emcomm course (EC-001) as needed;

- Transition ARISS program management and education liaison responsibilities to headquarters (Rosalie White will retain responsibilities as ARRL delegate);
- Write articles and pursue stories to report on department programs for Web news stories and for publication in QST;
- Implement and oversee teacher forum on the website;
- Resume instructor newsletter;
- Maintain, update and improve areas of the website for which we are primarily responsible, or for which we are contributors, including the following: Getting Licensed, Getting on the Air, Volunteer Instructor/Mentors, Courses & Training, Amateur Radio in the Classroom, Scouting and Outreach to Teachers and Schools.

Continuing Education Program (cost center 332). In 2012 we will continue to address some remaining improvements and customizations in the Moodle platform and single sign-on interface that are needed to simplify the user experience. We will be learning and taking training as needed to become more proficient with the Lectora software we'll be using to edit the online course content (\$1200 is included in the budget for training).

ARISS (cost center 332). The goal for our role with the ARISS program in 2012 continues to be to turn the focus away from the public relations aspect of the program and more toward the educational impact. We will continue our efforts to find ways to engage ARISS schools in sustained involvement with Amateur Radio and to encourage more cross-pollination between ARISS and the ETP.

As a result of the changes implemented in 2011 in the US application process, inquiries from US schools and other venues are now directed to the NASA Teaching from Space Office rather than to the ARRL US program manager. As a result of this change, and also our desire to reestablish responsibility for this program at headquarters, Rosalie's role with the ARISS program has become more limited, effective late 2011, with a reduction in her contracted consulting hours. She will still serve as ARRL's official representative to the ARISS program but her program management role and role as education liaison are being redirected to HQ. These changes will allow us to broaden the relationship with NASA Teaching from Space program personnel and to strengthen the cross-pollination of our educational goals for the ARISS and the ETP.

Education & Technology Program (cost center 302). Mark Spencer is back on board providing contracted support as ETP Coordinator. Mark will resume full responsibility for this role, including reviewing, and evaluating grants, coordinating Teachers Institute (TI) instruction and the delivery of the planned TIs next year, ETP curriculum development and production of resources, as well as all advisory support for teachers, including implementation and oversight of a teacher forum on our website.

Because of the declining fund balance available to support this program, this budget proposes to reduce once again the number of Teachers Institute offered. This time from five offered in 2011 to three Teachers Institute sessions in 2012, including one advanced TI-2. A restructuring of personnel supporting this program is also necessary. This budget ends most ongoing contract support from other instructors besides Spencer. In addition to the

aforementioned Teachers Institutes, this budget includes a proposed pilot TI which will use new curriculum on the topic of “Remote Sensing and Data Gathering.” We are in discussion with Mississippi State University about a joint effort to pilot this curriculum as part of a balloon launch project they have initiated with a local school district. We are proposing to share the cost of offering this pilot TI with the school district. The costs associated with this pilot that are included in this budget total \$10,510. If we go forward, we expect that we would receive an offsetting contribution of at least \$5K.

The budget for 2012 includes an allocation of 25% of the Department Manager and the Administrator staff positions that provide support for the program, which includes handling communications and inquiries about the program, and managing grant and teacher applications, coordinating resource and equipment orders as well as participating in the development of grant proposals for future funding of the program.

The total ETP grant budget for station equipment and progress grants is further reduced from \$20K to \$14K for 2012. As explained in last year’s budget report, budget for grants for radio station equipment has been reallocated to provide radio station equipment to support the TI-2 on “Space in the Classroom.” Teachers participating in the TI-2 receive radio station equipment as part of the program resource package. The expensed equipment budget line reflects the costs of the instructional activity boards, publication resources and robotics for the Teachers Institute as well as costs of some boards and equipment that are given in grants to schools.

The program travel budget for this cost center reflects travel expenses of teachers and participants for the Teachers Institute. The business travel budget reflects plans for travel to an educational conference and travel related to meetings with Penn State in pursuit of grant funding.

New Project

Instructor Training Course An introductory orientation course for instructors, intended for both licensing and Emcomm instructors, which will help volunteers identify the qualifications and skills needed and provide them with some basic guidance on instructional technique and strategy.

4. Capital Investment

No capital investment requested.

VOLUNTEER EXAM COORDINATOR

1. Department Mission and Goals

The purpose of the ARRL VEC is to provide initial licensing examination for prospective new hams and upgrade examination opportunities for those already licensed.

The ARRL VEC will provide a sufficient number of examination opportunities to meet the above purpose, on a schedule that is convenient to the applicants.

The ARRL VEC will provide the examination candidate with tests that meet all applicable requirements of current Federal Communications Commission Rules and Regulations and are administered in accordance with those requirements and generally accepted educational testing principles and practices.

The ARRL VEC will provide a service level of the highest order to our customers, the Volunteer Examiners. -- Resolution of the ARRL Board of Directors (1989 Annual Meeting)

2. Staffing Changes

We have met, and continue to meet our program goals using teamwork and cross training as effective tools within our department. No changes are planned for 2012.

3. Products and Services

Description of service: Accredited eligible and qualified Volunteer Examiner (VE) applicants, soliciting applicants across a broad amateur base without discrimination; supplying accredited ARRL VEs with examination materials, registering and publicizing the scheduled exam activities of the teams of VEs; supplying hardcopy exam materials or software to meet the VEs examination needs; receiving and processing (reviewing and record keeping) the completed test session results packages; answering exam or license related verbal or written inquiries regarding the licensing process; electronically filing successful applicant license data and club license data to the FCC.

In 2012 the ARRL VEC Department will continue to:

- Maintain an adequate supply of exam versions and booklets for each examination element for distribution to volunteer examiners and create any replacement exam versions as necessary.
- Provide a sufficient number of examination opportunities convenient to the applicants and that meet all applicable requirements of current FCC Rules and Regulations.
- Support VEC services at hamfest/conventions and
- Conduct special mailings to VEs and to new licensees.
- Administer the International Amateur Radio Permit (IARP) program for ARRL.
- Administer the 1x1 Special Event Call Sign program for ARRL, as one of five such coordinators.
- Administer the FCC Club Call Sign Administrator program for ARRL, as one of three such coordinators and to provide an electronic filing mechanism for FCC Club Station License applications.
- Provide FCC-license renewal notices to ARRL Members. We will process vanity license renewal requests received from members for a modest fee and will process non-vanity license renewals for members at no charge.
- Administer the electronic filing mechanism for FCC License modifications (changes in name/call/address). The service is available to ARRL members for free and to non-members for a fee.
- Maintain our service goal to file all test session data electronically to the FCC within three (3) business days or less.
- Participate as a member of the National Conference of VECs Question Pool Committee.
- Maintain the highest degree of service and integrity in ARRL VEC examinations, with ARRL VEs and customers.

In 2011 the ARRL VEC Department continued to meet program goals (table 1) and has exceeded the VEC market share goal (table 2).

| TABLE 1: ARRL VEC RESULTS AND PROJECTIONS | | | |
|--|---------------|-------------------------------------|---------------------------|
| ARRL VEC ACTIVITY | 2010 | 2011 through 3rd Qtr | 2012 projected |
| Exam Sessions Held | 6,294 | 4,866 | 6,200 |
| Exam Applicants Served | 32,694 | 24,857 | 31,000 |
| Exam Elements Administered | 41,339 | 31,542 | 39,000 |
| New VEs Accredited | 2,054 | 1,480 | 1,900 |
| New and Upgraded License Application Forms Transmitted to FCC | 27,591 | 19,851 | 27,000 |
| License Renewals and Changes Transmitted to FCC | 5,231 | 4,746 | 5,200 |
| Club License Applications Transmitted to FCC | 1,192 | 731 | 1,100 |

| TABLE 2: ARRL VEC MARKET SHARE | | | |
|---|------------------|-----------------|------------------|
| 2011 | Jan-March | Apr-June | July-Sept |
| NCVEC License Activity | 8,465 | 11,085 | 6,993 |
| ARRL VEC License Activity | 6,240 | 8,344 | 5,267 |
| ARRL Market Share of Exams Given | 73.72% | 75.27% | 75.32% |

4. New Initiatives and Services

The VEC exam fee will remain at \$15 in 2012. With ever increasing shipping, printing and fuel charges, control of expenses will continue to be a priority and relationship building our main concern. VEs will be steered towards our exam software program and web based forms to decrease VEC spending on printed materials and supply shipments. Cost effective shipping methods for exam session packages will be sought and exam fee revenue will continue to be evaluated. We are dedicated to offering quality programs and superb customer care at the lowest cost.

We propose to increase the functionality of VEC exam generating software. See the capital investment requirements section below.

We will also implement the new Extra class (element 4) question pool which will become effective July 1, 2012 and we will supply VE Teams with new exam booklets and update exam generating software to accommodate this new question pool.

We have a knowledgeable, friendly staff that can relate to our consumers needs and circumstances and are especially adept in handling problems. Staff has been cross trained, honing our skills and improving the quality of service to our members. As a courtesy to our VEs, VEC pencils and/or pens will continue to be supplied in each outgoing VE team test session package. Our main focus will remain on test session processing and data entry. By offering ongoing support to VEs and VE teams and by providing good customer experiences, our assumption is we will continue to build and retain a loyal customer base.

FCC Activity

The VEC anticipates maintaining our share of approximately 74% of total amateur exams given. We are conservatively optimistic about the number of new licensees entering into Amateur Radio. We are forecasting 25,000 new licensees and 10,500 upgrade licensees in 2012 (table 3).

| TABLE 3: NEW AND UPGRADED FCC LICENSES BY YEAR | | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|--|--------------------------------|
| FCC ACTION | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 Actual (through 3rd qtr) | 2012 Project ed |
| | Actual | Actual | Actual | Actual | Actual | | |
| New Technicians | 20,461 | 24,249 | 25,598 | 27,464 | 24,752 | 15,974 | 22,600 |
| New Generals | 506 | 2,156 | 2,109 | 2,307 | 2,351 | 1,754 | 2,000 |
| New Extras | 146 | 323 | 359 | 373 | 425 | 324 | 400 |
| TOTAL New Licenses | 21,113 | 26,728 | 28,066 | 30,144 | 27,528 | 18,052 | 25,000 |
| Upgraded to General | 3,411 | 18,698 | 9,752 | 7,590 | 7,617 | 5,988 | 7,500 |
| Upgraded to Extra | 2,867 | 5,655 | 5,749 | 3,206 | 3,109 | 2,503 | 3,000 |
| TOTAL Upgraded Licenses | 6,278 | 24,353 | 15,501 | 10,796 | 10,726 | 8,491 | 10,500 |
| GRAND TOTALS | 27,391 | 51,081 | 43,567 | 40,940 | 38,254 | 26,543 | 35,500 |

5. Capital Investment Requirements

Item: Exam Generating Software

Total Estimated Cost: \$20,000

Description: We plan to use an outside contractor to customize the exam review platform to support the ARRL Volunteer Examiner core. This will replace our current ARRL VE Exam Maker software. Our current software (produced in-house) has limited capabilities and does not adequately serve our volunteer examiners.

Required Enhancements to VEC exam generating software

1. On screen exams and exam grading.
2. Ability to download to and run on multiple computers.
3. Program available on CD as well as the web.
4. Imbed in program all forms necessary to conduct an exam session.
5. Additional safety measures to ensure the current pools are being used.
(The print date, session date and pool expiration date should appear on all exams, answer sheets and answer keys.)
6. Option to save exam designs and graded exams to a computer or disk.
(currently you must print out all generated exams – none can be saved!)
With the ability to save graded exams to a disk, teams submitting exam session data via disk, would substantially reduce our return postage costs.
7. Recreate exam serial number designs created in the field, by the VEC department.
8. Exam answer key to be visible on screen.
(currently the only way to see answer keys is to print a generated exam.
The answer key will be the last page in the printout.)
9. Lock out pool questions manually in addition to automatically.
10. Minor editing capabilities within the exams.

The new exam generating software will need to be ready by the second quarter.

LAB

1. Mission Statement

The ARRL Lab provides members and the Amateur Radio community with technical information services, trusted product-review testing, spectrum-protection engineering, professional industry contact and a comprehensive RFI/EMC program.

2. Staffing Changes

No staffing changes are proposed for the Lab.

3. Products and Services

Current products/services w/projections by area:

- Product Review testing
- Technical Information Service and ARRL web page
- RFI Program
- Support of spectrum protection activities

In 2012, the Lab staff will continue to update web pages as needed. Phone calls to the Lab have diminished notably, as the Call Center now triages all incoming calls that used to be directed to the Lab.

Power-line cases continue to dominate the RFI work done, and the Lab has been supporting efforts by Kay Craigie and Chris Imlay to improve the way that the FCC handles power-line cases. Lab staff continues to serve on industry committees, especially in the RFI area. In one major committee, the Lab staff has moved a draft standard with distance-extrapolation provisions in measurements made below 30 MHz out of the Working Group and on to the Main Committee for balloting.

The Lab expects to generate \$825.00 in revenue from the making of photocopies and related services.

No major new initiatives are planned for the Lab for 2012. Work on the web pages will continue, as better uniformity in the presentation of information would be helpful (ongoing). Product Review testing will continue to be performed every month.

As part of the efforts to improve utility and FCC response to power-line problems, the Lab staff will prepare a short tutorial suitable for FCC field offices and electric utility personnel. This will be completed by the 2nd quarter, to be presented at opportunities throughout 2012. The EMC course previously offered as part of ARRL's on-line educational program will be repurposed into a .pdf-only series of documents, presented in course format, made available on the ARRL members-only web pages. The Lab has been working with the IEEE on a standard on the ways to handle power-line cases and although driven by IEEE timelines, it is expected that this standard can be in IEEE ballot by the end of 2012.

4. Capital Investment

The Lab has no capital purchases planned for 2012, although failure of critical pieces of test equipment used in Product Review could require an unplanned purchase. The calibration and repair portion of the budget is driven by both predictable calibration expenses and unanticipated failures necessitating repair.

CAPITAL ACQUISITIONS

ARRL, Inc.
The National Association for Amateur Radio

2012 Plan

Proposed Capital Expenditures

| Department | Description of Item | Cost |
|-------------------------------|--|-------------------|
| | | |
| Information Technology | Desktop Computers - 12 | \$ 8,400 |
| | Laptop - 1 | 800 |
| | Printers - 4 | 3,000 |
| | Nodes for HQ storage Array network | 25,000 |
| | Additional Server for HQ Server cluster | 10,000 |
| | Network Storage | 2,500 |
| | | |
| Marketing | Telephone Report Software | 9,300 |
| | | |
| W1AW | Amplifier (broadcast) | 6,900 |
| | New HF/V/UHF Satellite Transceiver | 4,600 |
| | Broadcast Transceiver | 2,000 |
| | Davis Weather Station | 1,100 |
| | | |
| Building | New Air Conditioning Unit | 450,000 |
| | Roof Replacement | 100,000 |
| | Hydraulic Lift for Loading Dock | 4,000 |
| | | |
| Production | Upgrade to InDesign version 6 - 10 seats | 7,500 |
| | Upgrade of AutoCAD - 2 installations | 8,000 |
| | | |
| VEC | Exam Generating Software | 20,000 |
| | | |
| Business Services | Carpet Replacement - 3 offices | 2,800 |
| | Painting - 3 offices | 1,200 |
| | | |
| Controllors | Carpet\Flooring Replacement - 3 offices | 2,800 |
| | Painting | 3,000 |
| | | |
| Total | | \$ 672,900 |
| | | |

ARRL, Inc.
The National Association for Amateur Radio

2012 Plan

Proposed Capital Expenditures

A. Replace Desktop/Laptop Computers

As we have each year, we plan to replace older desktop computers (approximately 5 years old). As we have been diligent in doing this for many years, there are very few computers that will need to be replaced in 2012. We expect to replace 12 desktop units and 1 laptop computer. Seven of the units will be used to replace the various desktops at W1AW, including those in the guest operating studios to upgrade their capabilities. We discovered during Hurricane Irene that some of the old computers were either too slow or could not handle newer programs in support of our emergency. The laptop is a replacement of one in the Washington Office.

B. Printers

We are proposing to acquire 4 new printers to replace existing machines around the organization which are old and showing signs of failure. The specific departments which would receive printers are Graphics/Production (2), DXCC and Information Technology.

C. Node for Network Array

Data stored on the SAN is synchronously replicated between the two sides of the SAN in order to ensure high availability; by mirroring the data in this way we are protected against double disk, controller, storage node, power, network and (once one side of the SAN is relocated from the 2nd floor phone closet) site failure. These nodes will provide approximately 2.8 TB of additional space, doubling the capacity of our current SAN. The additional storage is necessary and sufficient for completing the virtualization of the remaining physical servers and filers at HQ.

In addition to these physical servers, the plan is to consolidate our network storage by virtualizing the exiting NetApp network filers. These filers are 5 physical boxes, all of which are aging, no longer supported under maintenance agreements and for which it would be difficult (or impossible) to obtain replacement parts in the event of a critical hardware failure. One of the NetApp filers is already running without its “hot spare” disk because a suitable replacement disk is not readily available.

D. Additional Server for HQ Cluster

This server will expand our server cluster from three to four hosts to provide sufficient computing power to complete the virtualization of our remaining physical servers and filers.

The plan is to replace the functions performed by 9 existing, physical servers which are aging (5 to 7 years old in 2012) and at or beyond service life with this single server. Server consolidation will result in a substantial reduction (TBD) in power consumption and heat generation with a correspondingly rapid payback via utility savings.

E. Network Storage

There is increasing demand within HQ for additional network storage capacity. One example of a use case is the Production department's need to warehouse large, digital images and graphics from past issues of QST, NCJ, QEX, books, etc.

The utilization of our existing NetApp filers (81% of total capacity) is at the limit where performance begins to be compromised. And the plan for virtualizing these filers does not include an expansion of the available network storage space.

In any event, providing archival storage using NetApp filers (or the replacement virtual filers that we plan to deploy in 2012) is not an efficient use of our resources since neither the high performance nor the high availability that these filers provide is required for this application. A more cost effective alternative for meeting the requirement for archival, on-line storage is to deploy a "third tier"¹ of storage using a network attached storage device. This device is essentially a lower-cost, lower-performance, higher-capacity alternative to the NetApp filers that we have targeted for retirement and their virtual filer replacements.

F. Customer Service Management Telephone Software

In the summer of 2011, much of the incoming phone volume was centralized into the member services team. The benefits of this integration include fewer transfers, more time for call screening, up sell opportunities and improvements in workflow. To further support and manage this change, our 2012 planning includes investment in a telephone reporting application (software and hardware) to better manage and measure call status in real time: activity, wait times, call routing, scheduling, reporting, etc. The application will support 20 users including call groups within Sales and Marketing, Awards, and VEC departments.

G. Amplifier for W1AW

With the exception of the IC-PW1 that was acquired in 2006, and the Ameritron AL-1200 amplifiers purchased in 2009 and 2011, all the others have been in use for a number of years. The last three remaining Harris amplifiers (RF-3230) had been in service since 1989. An additional Icom IC-PW1 was also placed into service to replace a Harris amplifier that failed. The amplifiers we choose should be capable of all-band, auto-tune operation, like the PW1. The amplifiers should also be capable of meeting or exceeding (preferable) the full-legal limit.

H. HF/V/UHF Satellite Transceiver

The Kenwood TS-2000X was donated to W1AW in May 2002. The primary reason for the donation was to replace the aged Kenwood TS-790 Satellite transceiver. While the TS-2000X

has performed adequately as an HF transceiver, the satellite aspect of it has been a bit lacking. Because of issues with birdies on parts of the 70cm band, some popular amateur satellites are unusable since these same birdies appear on their downlink frequencies. We believe it is important for the ARRL to have this capability at W1AW.

Icom currently has available the IC-9100 HF/V/UHF/Satellite transceiver. The ARRL Product Review radio has seen a few weeks of service at W1AW and has proven itself to function quite well, both for HF/VHF and for satellite work. Therefore, we recommend we replace the TS-2000X with an Icom IC-9100.

I. Broadcast Transceiver

In 2011, the Ten-Tec Orion I suffered a screen failure. A slight raspy signal problem also developed. Therefore, a “spare” Icom IC-756ProII was used as a replacement. Since this ProII was not only a used transceiver and a spare to begin with, we recommend that we replace it in 2012 with a new radio, such as a Kenwood TS-590S. For the next round of proposed broadcast transmitter replacement in 2014, we are budgeting \$5200 per unit. But if a less-costly radio like the TS-590S proves to be adequate, we can lower the cost estimates over the course of the next two years’ plans. As of 2011, all the Icom IC-756ProII transceivers are used equipment.

J. Weather Station for W1AW

We currently have a failing, Peet Brothers weather system. This system allows us to beacon our local weather both on the APRS network as well as the CWOP (Citizen Weather Observer Program) system. The rain gauge is faulty and the barometric pressure and humidity readings are off. The anemometer also gives false readings. During Hurricane Irene – during which W1AW was activated - the NWS was accepting local weather reports. We were unable to provide accurate weather information since our system is faulty. Since W1AW is now regularly active during such events – and the expectation is there that we will always participate in this type of weather reporting - we recommend replacing it with a new Davis Vantage Pro 2 weather system.

K. Air Conditioning Unit for Headquarters

This past cooling season we had an increasing number of issues with the two large air conditioning units that supply cooling to the “newer” portion of the Headquarters building. There were an increasing number of leaks in the system which became more problematic to fix and resulted in an almost constant need to replace or fill the level of freon in the system. We went for almost a week with no significant amount of air in the back of the building as a result. When called, local vendors were effectively unable to provide any long term solutions for the problems of the units. This was primarily because of the age of the units (almost 35 years old) and the fact that the manufacturer, Carrier, was unable to provide technical help as well because of the age of the units. Complicating the matter (and increasing the costs) is the placement of the units and the probability that the old units would have to be removed from the roof on the back part of the building.

This would be a major system replacement, the first in many, many years for the organization. We would not make this recommendation unless we thought it was absolutely necessary. The estimate of \$450,000 in the Plan is the result of discussions with our current A/C vendor and is intended to provide the Committee with a ball park figure. We would not undertake this project without an RFP and at least three bids from different contractors along with full evaluations of the current issues and the recommended hardware to meet our needs for well into the future. We would expect the A&F Committee to oversee this process in the same way that they have been involved with other major expenditures over the years.

L. Roof Replacement

The roof on the front half of the building is almost 20 years old and showing significant signs of age. The seams are peeling and this was the primary reason we had a torrent of water in the building during an early summer severe wind and rainstorm. While there was no bad damage as a result of this we were lucky. Replacing the roof will also require replacing the insulation and, we are told, bringing it up to recent building codes.

We have had a roofing contractor give us an estimate but, like the air conditioning, a major renovation of this type will require an formal RFP and at least three independent bids.

M. Hydraulic Lift for Loading Dock

The hydraulic lift plate on the rear loading dock at 225 Main St. is, like other of our equipment, showing signs of age and wear through many years of use. Exacerbating the decline in this case is also the weather. The mechanism is beginning to rust out and doesn't work properly. Attempts to fix it have proved inadequate. Included in this replacement, we will also repair that end of the concrete pad for the loading dock that has crumbled away over the years of exposure to the elements.

N. Upgrade *InDesign* Production Software

The Production Department uses the *InDesign* software for both book and QST projects. We are currently behind in updating this software and would be able to take advantage of new capabilities while improving efficiency of current projects with the upgrade to the current version. This request encompasses up to 10 licenses as it is used not only in the Production Dept. but in the Business Services Dept. as well.

O. Upgrade *AutoCAD* software

Our current version of *AutoCAD* (2005) is beginning to bog down under the demands of newer graphics tasks and operating systems. For example, a recent required detailed modeling and rendering that taxed the capabilities of our current system. The IT department delivered a new *Windows 7* computer to help speed the process, but our copy of *AutoCAD 2005* turned out to be incompatible with *Windows 7*. We've tested a version of the new *AutoCAD* and it works well in the *Windows 7* environment. The new version of the software has many new and improved features and improved support for PDF and web content. The new features will help us advance

the visual appeal of both our print and multimedia content. The proposal is to acquire 6 licenses for the software to accommodate all the machines.

P. VEC Exam Generating Software

The current version of the ARRL VE Exam Maker software (produced in-house) has limited capabilities and does not adequately serve our volunteer examiners any more. Some of the enhancements which are needed include:

1. On screen exams and exam grading.
2. Ability to download and run on multiple computers.
3. Program available on CD as well as the web.
4. Imbed in program all forms necessary to conduct an exam session.
5. Additional safety measures to ensure the current pools are being used.
(The print date, session date and pool expiration date should appear on all exams, answer sheets and answer keys.)
6. Option to save exam designs and graded exams to a computer or disk.
(currently you must print out all generated exams – none can be saved!)
With the ability to save graded exams to a disk, teams submitting exam session data via disk, would substantially reduce our return postage costs.
7. Recreate exam serial number designs created in the field, by the VEC department.
8. Exam answer key to be visible on screen.
(currently the only way to see answer keys is to print a generated exam.
The answer key will be the last page in the printout.)
9. Lock out pool questions manually in addition to automatically.

The proposal is to use an outside programming resource to do this project so as not to tax the resources of the ARRL IT Department.

Q. Carpeting/Painting

The areas of the Business Services and Controller's Departments on the west end of the second floor have needed updating for quite some time. Carpets and other flooring are well worn and not in keeping with most of the rest of the building. Completing these areas would help promote a more consistent look around the building and will let us get a head start on 2013 when we are planning to do more work around the HQ facility in preparation for the 100th anniversary in 2014.

STAFFING

ARRL, Inc.

The National Association for Amateur Radio

2012-2013 Plan

Staffing

The total staff complement proposed in this Plan for 2012 includes 95 full time and 9 part-time staff for a total of 104 total employees. This represents a total of 101 Full Time Equivalents (FTE), an increase of 2 over the complement approved for 2011.

We reviewed the staffing levels in this Plan, as we do every year and believe it is appropriate for the amount of resources we expect to have available in the coming year.

There are only three new positions on staff proposed in this Plan, and there is also one reduction. New positions in the Plan are:

1. Given the growing demands in the DXCC and Awards areas, we are proposing the additional of another position for an Awards and Programs Assistant. We would expect this position would be filled by an experienced Ham Radio operator, with extensive experience in operating and awards, and Logbook of the World. This person would immediately be pressed into service providing support for LoTW, and would long-term be expected to assist the DXCC Manager with all aspects of the program.
2. The departure of former IT Department Manager Jon Bloom, provided the opportunity to reassess the needs of the department and go back to an structure that allows for the department manager, one of our most talented programmers, to continue to spend the majority of his time in those endeavors. We re-tasked one position in the organization for the sole purpose of managing the ARRL infrastructure and are looking to add a Network Engineer to replace an employee who has requested a reduction in his hours. The new position in this area, a part-time programmer will be tasked to working on web site functionality and the numerous fixes and enhancements that occur in the normal course as we move forward with the web site.
3. In order to fulfill our educational mission, we are proposing the position of Instruction and Resource Coordinator. This position will be responsible for supporting both licensing and Emcomm instruction. The position will also provide support for the ARRL's thousand of registered instructors. The position was filled previously, but was not refilled when it was vacated.

Also included in this Plan proposal is an average increase of 2% for the staff in 2012. This does not mean everyone will get a raise, or even if they do, one that will equal 2%. Each individual's performance will be appraised and any merit increase in their compensation will be based on this review as well as where their current compensation is within the appropriate salary range.

**AMERICAN RADIO RELAY LEAGUE, INC.
STAFFING SUMMARY**

| <u>Function/Department</u> | <u>2011 Plan</u> | | | <u>2012 Plan</u> | | |
|-------------------------------|------------------|-----------|--------------|------------------|-----------|--------------|
| | <u>FT</u> | <u>PT</u> | <u>Total</u> | <u>FT</u> | <u>PT</u> | <u>Total</u> |
| <u>Production & Sales</u> | | | | | | |
| Editorial/Production | | | | | | |
| Administration | 2 | 1 | 3 | 2 | 1 | 3 |
| Graphics | 3 | | 3 | 3 | | 3 |
| Composition | 2 | | 2 | 2 | | 2 |
| Editorial | 6 | | 6 | 6 | | 6 |
| Laboratory | 4 | 1 | 5 | 4 | 1 | 5 |
| <u>Sales & Marketing</u> | | | | | | |
| Marketing | 2 | | 2 | 2 | | 2 |
| Business Services | 5 | | 5 | 5 | | 5 |
| Fulfillment | 6 | 1 | 7 | 6 | 1 | 7 |
| Warehouse | 3 | 1 | 4 | 3 | 1 | 4 |
| Membership | 1 | | 1 | 1 | | 1 |
| <u>Support</u> | | | | | | |
| Executive VP | 4 | 1 | 5 | 4 | 1 | 5 |
| CFO | 2 | | 2 | 2 | | 2 |
| Development | 3 | | 3 | 3 | | 3 |
| 2nd Century | 1 | | 1 | 1 | | 1 |
| Controllers | 4 | 1 | 5 | 4 | 1 | 5 |
| Information Technology | 9 | | 9 | 8 | 1 | 9 |
| Administrative Services | 4 | | 4 | 4 | | 4 |
| Maintenance | 1 | | 1 | 1 | | 1 |
| <u>Advocacy</u> | | | | | | |
| Washington D.C. | 2 | 1 | 3 | 2 | 1 | 3 |
| Public Relations | 1 | | 1 | 1 | | 1 |
| <u>Member Services</u> | | | | | | |
| MVP Administration | 3 | | 3 | 3 | | 3 |
| Field Services | 4 | | 4 | 4 | | 4 |
| Contests | 1 | | 1 | 1 | | 1 |
| DXCC | 6 | 1 | 7 | 9 | 1 | 10 |
| QSL Bureau | 1 | | 1 | 1 | | 1 |
| W1AW | 2 | | 2 | 2 | | 2 |
| Logbook* | 1 | | 1 | 0 | | 0 |
| Emergency Preparedness | 2 | | 2 | 2 | | 2 |
| Education | 2 | 1 | 3 | 3 | | 3 |
| VEC | 6 | | 6 | 6 | | 6 |
| Total Staff | 93 | 9 | 102 | 95 | 9 | 104 |
| FTE's | | | 99 | | | 101 |

* Logbook combined with DXCC in 2012