

**American Radio Relay League
Proposed 2018 – 2019
Plan**

Executive Summary

CONFIDENTIAL

ARRL, INC.
The National Association for Amateur Radio

Proposed 2018-2019 Plan

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SUMMARY

ARRL, Inc.
The National Association for Amateur Radio

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Executive Summary

To: ARRL Board of Directors

“Ham radio is only relevant today and in the future if it’s the means to accomplish an act, not the act being accomplished.”

--Bryce Salmi, KB1LQC, 26-year-old engineer with Space X

Last year we opened this document with the same quote from KB1LQC and repeat it here because the spirit and philosophy it encompasses can’t be emphasized enough as we look to move the ARRL forward into the future. This philosophy is embodied in the operational Plan we are recommending for the ARRL in 2018 and beyond. In the following pages, we hope to provide you with an understanding of what we believe is possible for the ARRL and what it will take to begin the organization down the path for a successful future and make it relevant to a broader spectrum of Amateurs, young and old, Technician, General or Extra class.

In 2016, we identified three existential threats that faced the organization. In summary, they were:

- Aging membership and a growing gap between licensing growth and membership growth.
- Aging technological infrastructure coupled with the lack of disciplined business decision-making processes.
- ARRL and the Amateur Radio industry appear to be heading into a secular downturn of finite but indeterminate duration.

These threats still exist although we made some progress, not as much as we would like, on replacing the technological infrastructure. However, membership continued to decline in 2017, as projected as it normally takes about three years for the impact of a dues increase to pass and membership starts to climb. Unfortunately, we must report that the Amateur Radio industry is still in somewhat of a decline and this continues to affect our advertising and publication sales.

We reported to you at this time last year that changes were being made in both the organization and the fundamentals of how we did the business of the League. We continued with changes in the current year, some planned and some unplanned. As we said last year, this is an on-going process and will continue for several more years.

This report is being written in late October and, before we talk about our plans for 2018, it is important to take a look back at the first 10 months of 2017 with its successes and failures, its challenges and triumphs. The effects of some of these may spill over into 2018.

We were presented with several challenges and opportunities in 2017:

- Hurricane season brought several severe storms (Category 4 and 5), some back-to-back, and devastation across the southern United States and the Caribbean. A dedicated group of HQ staff and ARRL volunteers responded to the crisis in Puerto Rico by delivering manpower and equipment to the Red Cross, supplying needed communications capabilities across the island nation. ARRL members also answered the call and donated almost \$150,000 to purchase equipment for this and future deployments in needed areas. Vendors added donations of additional equipment, much of which was delivered to the island in support of what was dubbed the “Force of 50” which referred to the number of volunteers initially requested by the Red Cross.
- A select group of staff spent much of the first half of the year studying the needs of the membership and Radio Amateurs in general, particularly Technician class licensees, a group that has not joined the ARRL in large numbers. Their work culminated in a presentation to the Board in July and, with their concurrence, a survey was developed and distributed with a prototype publication to try and better ascertain the needs and motivations of new Amateurs. The results of these efforts, expected in the first quarter of 2018, are expected to drive new strategies for membership recruitment.
- There was turnover in the management ranks as three individuals resigned to accept other opportunities and/or make career changes. We absorbed the responsibilities of one of these into an existing managerial position and hired a replacement for another. There is one position, the former Education Manager, which remains unfilled at this writing. Turnover, in and of itself, is not a bad thing but we lost some institutional momentum with these departures and working through them took time and energy away from what we wanted to accomplish.
- Another distraction which also took significant time and energy away from working on our objectives was the various corporate governance issues including the continuation of a defamation suit against the ARRL and three senior members of the organization, issues of corporate structure and several internal issues.

Financially speaking, 2017 appears to have more promise than in recent years.

- The ARRL should finish the year with a gain from operations for the first time in several years. That, plus the growth in our investment portfolio from the rising investment markets, has bolstered our overall net assets, shoring up the organizations financial position and responding to one of our “5 Big Things” we set out for organization at the beginning of the year.
- Even with what we expect to be a successful financial result, there are trends of which we need to be aware. Revenues continue to decline in major areas including publication sales, advertising and activity-based programs. Without any significant changes, balancing the budget (a breakeven bottom line) will continue to be difficult in the future if we expect to add programs and services to attract and retain new members.

- The bright spot in our financial results is the dues numbers which, despite the decline in the overall membership, continue to grow at a rate higher than planned.
- Unrestricted contributions in 2017 were boosted unexpectedly by a few very large, unrestricted gifts (one for \$100,000 from a non-Amateur) and we received several large estate bequests that, under current Board policy, were treated as permanently restricted, endowment gifts.
- Cash flow has been good and at the end of September, we had significant cash reserves in both the operating account and the investment portfolio.
- We continued to run the operation under the established budgets for the most part and are meeting most of our financial goals.

As mentioned above, membership continued to decline throughout the year as expected in the second year after a dues increase. Initial projections for the dues increase, based on historical trends, indicated a loss of members in the first three years after an increase, followed by an upturn in the membership numbers. The most concerning statistics relative to membership are the ones that were presented to the Board by the staff working group regarding new licensees and their reasons for being attracted to Amateur Radio. We are only capturing about 17% of the new licensees as members and losing almost 50% of them after their first year of membership. As it turns out, some of the reasons for these percentages are that the things the new Amateurs are looking for from Amateur Radio, we're not delivering.

As you will see in this report, our plans for 2018 include attempts to provide information and opportunities that these individuals desire. *Membership is the key to our future and we must make the changes now to begin to attract new Amateurs.*

As you will remember, we identified “5 Big Things” as major objectives for 2017 and beyond:

- Stabilize ARRL Finances
- Initiate and Grow Corporate and Foundation Giving
- Expand Educational Outreach
- Update Legacy Systems
- Improve Business Processes and Decision Making

We have made significant progress in some areas and less so in others. But overall, they continue to be the overarching principles integrated into the on-going operations of the League. They also provide the foundation for moving forward into 2018.

We approached the 2018 Plan with a desire to expand on the concepts of the 5 Big Things from 2017. We challenged the management team to incorporate these overall themes in their department planning for the year. Within each objective, the overriding measurement metric is the concept of “Advancing the art, science and enjoyment of Amateur Radio”. Those services or programs that don’t in some way accomplish this should be eliminated. With that in mind, we described the goals for 2018 as follows:

1. **Stewardship** – Continue to shepherd the members’ money and the overall corporate resources carefully.
2. **Engage the members** – And do so on their terms, not the terms on which we think they should be engaged. Find out what they want and make data driven decisions, not ones based on anecdotal or incomplete data and opinions.
3. **Life Long Learning** – Everything we do should be gauged against the concept that Amateur Radio education is a journey, not simply a path to earning a license through classes. The ARRL should be the leading source of knowledge from the very beginning of an individual’s entrance as a licensee through their entire path in Amateur Radio. It isn’t our job to push them along the path we think they should take, but rather we should be there along the way to provide the information on the subjects in which they’re interested and want to learn.
4. **Content** – To accomplish #4, we need to develop (or source from others) much more content than is currently available from the ARRL. Every area of the organization can play a role in this. In addition, we also must be able to deliver this content across a wide array of different media platforms in ways the members want to learn.
5. **Expand Positive Relationships** – Look to create and expand relationships, both financial and otherwise, that contribute to the organization and to the concept of “Advancing the art, science and enjoyment of Amateur Radio”. The corollary is also a part of this objective in that we should look to unwind relationships that don’t meet the test.
6. **Mentoring** – We need to identify opportunities to mentor a variety of individuals across our community. That includes new licensees, longer term Amateurs looking for information on a new or mature technology or even unlicensed individuals looking for information on wireless communication and electronics. Finally, we need to begin to grow the next generation of staff and management within the ARRL HQ operation. With several of the management staff nearing retirement age within the next 4 years, and a larger number of staff as well, we need to groom and consciously provide training and opportunities for the people who will lead the organization in the future.

With these objectives and themes in mind, the detail plans included as Appendix 2 of this document include the following **New Initiatives**:

- The largest and one of the most important new initiatives is the redesign of QST magazine. Beginning with the January 2018 issue we will be introducing a fresh design, intended to make the magazine more pleasing to the eye and more readable for as many Amateurs as possible. At the same time, we will be reducing the page count to 144 pages (from 160 pages) and changing the overall trim size of the magazine to align it more with standard magazine sizing. These changes are driven by the fact that, in recent years, we've lost advertising pages in the magazine which resulted in our having to fill the space with additional content and more house ads of questionable benefit. It got to the point where we ended up with 13 or more feature articles every month, much more than many other magazines, which stretched our editorial resources too thin. It also became difficult to fill the pages with acceptable content. With fewer pages, we expect to have the time to generate more content internally providing more quality control over the material. There is also a financial benefit to taking these steps which is a savings of almost \$90,000 annually in paper, ink and postage. These savings will be invested in additional content creation through a variety of media.
- Analyzing and responding to the results of the member/non-member interest survey will be a major initiative in 2018. Depending on what we learn, this is likely going to change the direction of some content as well as our approach to the ARRL's delivery of that content through various media outlets. It will help frame the creation of a lifelong learning function to provide additional content to our members and others looking to advance their knowledge of Amateur Radio.
- Hire a new manager to lead the Lifelong Learning Department (working title). This individual will be the primary architect of this new function and will be responsible for defining and sourcing content from inside and outside the organization. Estimated cost for this position is \$100,000.
- *Marketing Automation.* In late 2017, an intradepartmental team began investigating ways to improve targeted communication to members and prospective members. Our focus is to find solutions (Marketing Automation platforms) to better tailor content and offers based on individual interests, behaviors, and content consumption. Results from this planning will be presented in 2018. As the cost of such innovation has not been determined at this time, there is no provision in our financial projections. This will be a separate proposal in 2018.
- In 2017, we expanded our support and resources to help promote ham radio among the "maker" and "hacker" communities. Next steps include collaborative publishing ventures with partners who serve similar interest groups (electronics hobbyists, makers and hackers, public service volunteers, etc.) We will be reaching out to these communities to see if we can penetrate those markets with some of our current titles, possibly rebranding them for these purposes.
- Add the CQ Worked All Zones award to Logbook of the World. This will be the culmination of work that is currently on-going. This will provide net positive revenue in 2018.

- Implement the International Grid Chase event, a year-long operating event for 2018. While we anticipate this to cost \$5,000, we expect that this should increase interest in our awards and contribute to awards revenue as a result.
- Increase the content on the ARRL VEC web pages including video and interactive on-line forms to provide more information and enhance their web experience.
- We are also developing plans to provide for remote entry of certain test session data by, at first, a group of select ARRL VE teams to speed up the processing and issuance of licenses. Initial plans do not include SSN information and will require FRNs for all participants.
- Increase the organization's knowledge and resources in the areas of high speed digital communications and mesh networks through establishing test networks in collaboration with local partners.

In addition, we will continue to support the current array of products and services we provide including:

- We expect to maintain our dominant, 75% market share in the delivery of Amateur Radio testing opportunities through the ARRL VEC. We are, however, cautiously optimistic regarding the number of new and upgraded licenses that will be issued in 2018. So far in 2017, new licenses were down about 7% from the level in 2016. We are projecting about 29,000 new licensees and 9,500 upgrades in 2018.
- We will provide representation for Amateur Radio across a variety of international bodies and meetings such as:
 - ITU Plenipotentiary Conference
 - WP 5ABCD, SG 5, TG 5/1
 - WP 1ABC and SG1
 - CITEL Assembly, PCC.I, PCC.II, COM/CITEL
 - FMRE, FRACAP
- Continue to administer the full complement of awards and contests via the Radiosport Department.
- Maintain our publications pipeline with four new titles (see Appendix 2 page 19) and new editions of the *Ham Radio License Manual*, *Technician Class Q&A* and the *ARRL Handbook*. The HRLM and Tech Q&A will include the new Technician class question pool to be implemented on July 1, 2018. We will also introduce the 2018 edition of the *ARRL Repeater Directory* near the beginning of the year.
- With the upgrade of the Media Assistant position to full-time in 2017, we plan to continue our existing push into social media including Facebook, Twitter, Instagram, Pinterest and other media formats.

- Complete the DXCC software upgrade, make substantial progress on the membership/development system and begin the project plan and scope for the replacement of the ARRL web site. In addition, beginning the work on LoTW 2.0 with updates to the user interface and implementation of the Trusted Partner Program.

Financial Considerations

- Overall, we are projecting a gain from operations of \$113,000 for 2018, roughly half of the operating gain we're forecasting in 2017. This result can only be accomplished through further expense reductions as revenues, in total, are projected to be slightly lower next year than in 2017.
- Publication sales and advertising revenues are projected to decrease from our 2017 reforecast by \$150,000 and \$42,000 respectively. There are some signs that the downward trend in advertising revenues may be subsiding but there is an emerging trend whereby larger companies such as DX Engineering, HRO and Vibroplex are incorporating product advertisements from smaller companies within their ads which serves to reduce the overall number of advertisers.
- There are a limited number of new publications proposed for 2018 (see page 19 of Appendix 2) and none are expected to be as successful as *Grounding and Bonding*, released in 2017. We do expect a boost, however, from the sales of training materials for the Technician class license as the question pool will be revised. The question mark is the level of the demand for the entry level license.
- Estimates of contribution revenues suggest they will return to more normal levels, although we plan to increase contributions to the Diamond Club slightly through more emphasis on that giving source.
- Proposed capital spending is \$142,000 with much of that spending on computer infrastructure, but also includes additional monies for repairs and maintenance of the facility and some money for limited renovations for a couple of department areas in the building.
- We are proposing another reduction in the staff of 4 Full Time Equivalents, which is reflected in the elimination of 2 full-time and 3 part-time positions throughout the year.

As we noted last year, the risks involved with our maintaining the progress we've achieved to-date and continuing to execute are several:

- The business climate for Amateur Radio remains uncertain as reflected in the advertising volumes and the supplier outlooks for the near term. We have seen some additional consolidation in the industry throughout 2017 and there may be more in the future.

- Estimates of membership transactions always include inherent risks and more so after a dues increase. We are seeing some positive signs but are still using historical averages for expected membership loss in 2018. As noted earlier, it is critical to begin to attract a larger percentage of the new licensees and retain them to be able to project steady membership and dues increases into the future. This is our largest revenue source, comprising 45% of our total revenue stream annually.
- Our donor base is small, but it is loyal. However, it remains to be seen how well we can continue to energize the base to produce a stable level of annual support for existing programs. The increasing number of estate bequests we have received in recent years is a double-edged sword. The large gifts help build our endowment, but it also indicates a dwindling of our loyal donor base. By the end of 2017, we will also have some indication how much elasticity exists in our base, given that we were able to generate approximately \$150,000 for Ham Aid quickly which may reduce giving to the Spectrum Defense and/or Education and Technology campaigns later in the year.
- As noted above, the aging of the HQ management and staff, coupled with the perception of some that living in Connecticut is less than desirable, may impact our ability to find suitable replacements in the near term for those staff that retire or leave the organization.

As we did last year, we have separated this year's Plan into three parts, the Executive Summary with financial information by function, a detailed income statement and individual department narratives that provide more specific details on operating plans for 2018.

We believe this Plan is responsive to the current direction and objectives of the Board of Directors. It strives to maintain the current level of our services and programs for members, with some adjustments, while meeting the objective of a balanced financial result, albeit, small. 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,

Thomas J. Gallagher, NY2RF
Chief Executive Officer

Barry J. Shelley, N1VXY
Chief Financial Officer

AMERICAN RADIO RELAY LEAGUE, INC.					
SUMMARY					
2018 Plan					
	2016	2017	2017	2018	2019
	Actual	Plan	Plan	Plan	Plan
			(Reforecast)		
REVENUES	\$13,918,302	\$13,868,000	\$13,861,000	\$13,702,000	\$13,707,000
EXPENSES	11,014,553	10,961,000	10,868,000	10,838,000	11,070,000
NET AVAILABLE INCOME	2,903,749	2,907,000	2,993,000	2,864,000	2,637,000
MEMBER PROGRAM EXPENDITURES	4,174,649	4,053,000	4,031,000	3,862,000	3,835,000
SUB-TOTAL	(1,270,900)	(1,146,000)	(1,038,000)	(998,000)	(1,198,000)
CONTRIBUTIONS	1,017,077	1,114,000	1,214,000	1,116,000	1,010,000
INCOME FROM OPERATIONS	(253,823)	(32,000)	176,000	118,000	(188,000)
NATIONAL PARKS ON THE AIR	231	95,000	40,000	-	-
SPECIAL OPERATING AWARD	-	-	-	(5,000)	-
GAIN/(LOSS) ON INVESTMENT	24,298	-	-	-	-
NET EXCESS (DEFICIT)	(\$229,294)	\$63,000	\$216,000	\$113,000	(\$188,000)

AMERICAN RADIO RELAY LEAGUE, INC.					
INCOME					
2018 Plan					
	2016	2017	2017	2018	2019
	Actual	Plan	Plan	Plan	Plan
			(Reforecast)		
REVENUES	<u>\$13,920,274</u>	<u>\$13,976,000</u>	<u>\$13,903,000</u>	<u>\$13,702,000</u>	<u>\$13,707,000</u>
Product Sales	3,727,543	3,708,000	3,698,000	3,548,000	3,575,000
QST and Magazines	217,028	236,000	239,000	231,000	231,000
Advertising	2,202,765	2,062,000	2,042,000	2,000,000	2,029,000
Membership Dues	6,380,112	6,428,000	6,604,000	6,627,000	6,545,000
Program Fees	1,023,713	1,110,000	954,000	953,000	976,000
Interest/Dividends	187,260	187,000	187,000	203,000	210,000
Centennial Activities	2,379	-	-	-	-
National Parks on the Air	1,972	108,000	42,000	-	-
Special Operating Awards	-	-	-	-	-
Other	177,502	137,000	137,000	140,000	141,000
EXPENSES	<u>\$11,016,294</u>	<u>\$10,974,000</u>	<u>\$10,870,000</u>	<u>\$10,843,000</u>	<u>\$11,070,000</u>
Product Sales	2,842,690	2,971,000	2,895,000	2,788,000	2,651,000
QST and Magazines	2,537,872	2,589,000	2,472,000	2,390,000	2,423,000
New Media Outreach	-	7,000	7,000	7,000	7,000
Advertising	276,680	255,000	255,000	262,000	273,000
Membership Dues	942,094	810,000	796,000	788,000	981,000
Investment Expenses	2,388	3,000	3,000	2,000	2,000
Centennial Activities	68,447	-	-	-	-
National Parks on the Air	1,741	13,000	2,000	-	-
Special Operating Awards	-	-	-	5,000	-
Support:	<u>\$4,344,382</u>	<u>\$4,326,000</u>	<u>\$4,440,000</u>	<u>\$4,601,000</u>	<u>\$4,733,000</u>
Administration	910,394	811,000	890,000	969,000	1,003,000
Development/Fundraising	409,571	424,000	424,000	436,000	443,000
Controller	956,826	991,000	1,026,000	1,021,000	1,059,000
Information Technology	1,212,534	1,315,000	\$1,315,000	1,357,000	1,398,000
Administrative Services	235,176	246,000	246,000	232,000	238,000
Personnel	97,003	21,000	21,000	22,000	21,000
Change in Payroll Accrual	-	(11,000)	(11,000)	21,000	21,000
Building	522,878	529,000	529,000	542,000	549,000
NET AVAILABLE INCOME	<u>\$2,903,980</u>	<u>\$3,002,000</u>	<u>\$3,033,000</u>	<u>\$2,859,000</u>	<u>\$2,637,000</u>
Product Sales	884,853	737,000	803,000	760,000	924,000
QST and Magazines	(2,320,844)	(2,353,000)	(2,233,000)	(2,160,000)	(2,192,000)
New Media Outreach	-	(7,000)	(7,000)	(7,000)	(7,000)
Advertising	1,926,085	1,807,000	1,787,000	1,739,000	1,756,000
Membership Dues	5,438,018	5,618,000	5,808,000	5,839,000	5,564,000
Program Fees	1,023,713	1,110,000	954,000	953,000	976,000
Investment Income	184,872	184,000	184,000	201,000	208,000
Centennial Activities	(66,068)	-	-	-	-
National Parks on the Air	231	95,000	40,000	-	-
Special Operating Awards	-	-	-	(5,000)	-
Other and Support	(4,166,880)	(4,189,000)	(4,303,000)	(4,461,000)	(4,592,000)

AMERICAN RADIO RELAY LEAGUE, INC.					
SPENDING					
2018 Plan					
	2016	2017	2017	2018	2019
	Actual	Plan	Plan	Plan	Plan
			(Reforecast)		
MEMBER PROGRAM					
EXPENDITURES	<u>\$4,174,649</u>	<u>\$4,053,000</u>	<u>\$4,031,000</u>	<u>\$3,862,000</u>	<u>\$3,835,000</u>
Advocacy	<u>\$909,034</u>	<u>\$828,000</u>	<u>\$856,000</u>	<u>\$771,000</u>	<u>\$790,000</u>
Washington	644,309	500,000	524,000	422,000	414,000
International/IARU	128,259	144,000	144,000	147,000	168,000
Public Relations	127,471	164,000	172,000	192,000	198,000
Outreach through Discovery	8,995	20,000	16,000	10,000	10,000
Field Services and Radiosport	<u>\$1,787,360</u>	<u>\$1,695,000</u>	<u>\$1,665,000</u>	<u>\$1,516,000</u>	<u>\$1,540,000</u>
Administration	280,877	161,000	161,000	177,000	184,000
Contest	195,905	175,000	175,000	156,000	161,000
DXCC/Awards	466,398	446,000	423,000	386,000	386,000
QSL Bureau	80,246	83,000	76,000	72,000	67,000
W1AW	147,061	159,000	159,000	164,000	166,000
Field Services	332,013	384,000	384,000	260,000	269,000
Emergency Preparedness & Response	168,757	164,000	164,000	184,000	190,000
Section Expenses	116,103	123,000	123,000	117,000	117,000
Educational Programs	<u>\$217,725</u>	<u>\$306,000</u>	<u>\$306,000</u>	<u>\$331,000</u>	<u>\$234,000</u>
Education Services	112,541	147,000	147,000	151,000	156,000
Educ & Technology	105,184	159,000	159,000	180,000	78,000
VEC	<u>\$423,501</u>	<u>\$405,000</u>	<u>\$385,000</u>	<u>\$401,000</u>	<u>\$413,000</u>
LAB	<u>\$432,971</u>	<u>\$441,000</u>	<u>\$441,000</u>	<u>\$457,000</u>	<u>\$472,000</u>
Governance	<u>\$404,058</u>	<u>\$378,000</u>	<u>\$378,000</u>	<u>\$386,000</u>	<u>\$386,000</u>
Divisions	150,734	142,000	142,000	151,000	151,000
Officers	36,844	39,000	39,000	36,000	36,000
Board Meetings	119,215	120,000	119,000	120,000	120,000
Committees	97,265	77,000	77,000	79,000	79,000

AMERICAN RADIO RELAY LEAGUE, INC.					
CONTRIBUTIONS / INVESTMENT ACTIVITY					
2018 Plan					
	2016	2017	2017	2018	2019
	Actual	Plan	Plan	Plan	Plan
			(Reforecast)		
<u>CONTRIBUTIONS AND SUPPORT</u>	<u>\$1,017,077</u>	<u>\$1,114,000</u>	<u>\$1,214,000</u>	<u>\$1,116,000</u>	<u>\$1,010,000</u>
Unrestricted	<u>\$483,564</u>	<u>\$482,000</u>	<u>\$582,000</u>	<u>\$476,000</u>	<u>\$477,000</u>
Diamond Club	367,594	365,000	345,000	365,000	365,000
Miscellaneous	115,970	117,000	237,000	111,000	112,000
Donor-Restricted: "Uses"	<u>\$533,513</u>	<u>\$632,000</u>	<u>\$632,000</u>	<u>\$640,000</u>	<u>\$533,000</u>
Capital Campaign Earnings	<u>\$62,139</u>	<u>\$54,000</u>	<u>\$54,000</u>	<u>\$62,000</u>	<u>\$62,000</u>
David Bell Endow Earnings	<u>\$3,584</u>	<u>\$3,000</u>	<u>\$3,000</u>	<u>\$3,000</u>	<u>\$3,000</u>
Defense	<u>\$259,647</u>	<u>\$310,000</u>	<u>\$310,000</u>	<u>\$285,000</u>	<u>\$285,000</u>
Program	191,215	256,000	256,000	230,000	229,000
Fundraising	68,432	54,000	54,000	55,000	56,000
Education & Technology	<u>\$120,095</u>	<u>\$179,000</u>	<u>\$179,000</u>	<u>\$204,000</u>	<u>\$102,000</u>
Program	106,786	159,000	159,000	180,000	78,000
Fundraising	13,309	20,000	20,000	24,000	24,000
Legislative Issues Advocacy	<u>\$27,261</u>	<u>\$19,000</u>	<u>\$19,000</u>	<u>\$18,000</u>	<u>\$18,000</u>
Program	\$8,782	\$0	\$0	0	0
Fundraising	\$18,479	\$19,000	\$19,000	18,000	18,000
Legal Research & Resource	<u>\$2,309</u>	<u>\$3,000</u>	<u>\$3,000</u>	<u>\$3,000</u>	<u>\$3,000</u>
Lab Fund	<u>\$1,500</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Preservation of Artifacts	<u>\$688</u>	<u>\$1,000</u>	<u>\$1,000</u>	<u>\$1,000</u>	<u>\$1,000</u>
W1AW	<u>\$9,230</u>	<u>\$23,000</u>	<u>\$23,000</u>	<u>\$24,000</u>	<u>\$18,000</u>
Ham Aid	<u>\$2,388</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
ARDF	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
E. Smith Earnings	<u>\$40,000</u>	<u>\$40,000</u>	<u>\$40,000</u>	<u>\$40,000</u>	<u>\$40,000</u>
Colvin Award	<u>\$1,500</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Hiram Percy Maxim Award	<u>\$1,500</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Project Goodwill	<u>\$1,672</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>GAIN/(LOSS) ON SALE OF INVESTMENTS</u>	<u>\$24,298</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

CAPITAL AQUISITIONS

ARRL, Inc.
The National Association for Amateur Radio

2018 Plan

Proposed Capital Expenditures

<u>Department</u>	<u>Description of Item</u>	<u>Cost</u>
Information Technology	Desktop Computers with Monitors -20	\$ 15,000
	Laser Printers - 4	6,000
	Large Format Laser Printer - 1	3,500
	HP 3Par Storage Area Network Expansion (Phase 2)	33,000
	HP DL380 G9 Servers - 2	24,000
	UPS – 4	5,200
	Network Attached Storage Device	4,500
	Executive	Office Furniture
W1AW	Broadcast Transceiver	3,100
Building	Capital Maintenance Projects	10,000
	Curbing Replacement & Repair	10,000
Production	Renovation of Editorial Area	7,500
	Work Station Replacement – 6 Stations	7,500
Development	Expansion of Diamond Terrace	5,000
Total		<hr/> \$ 141,800

ARRL, Inc.
The National Association for Amateur Radio

2017 Plan

Proposed Capital Expenditures

A. Desktop Computers

As we do each year, we plan to replace older desktop computers (over 3 years old). We continue to be diligent about our replacement goals which allow us to replace a modest amount each year rather than have one year with a significant expenditure. This year's proposal encompasses 20 desktop computers.

B. Workgroup Laser Printers

The proposal includes the replacement of 4 mono laser printers. These printers will replace printers 5 years old or older. The mono laser printers will replace printers in Circulation, VEC, Mailroom and at W1AW.

C. Large Format Laser Printer

The proposal includes one large format printer for the Awards Department. This printer will replace current printers and consolidate all Award printing into one network-accessible printer capable of printing on large format (11x14) and heavy (65lb.) certificate stock for awards. The current printers will be relocated to other areas in the building.

D. HP 3Par Storage Area Network Expansion (Phase 2)

This expansion is to offset the scheduled retirement of our last remaining HP LeftHand P4300 device which will be reaching End-Of-Life (End-of-Support) in April 2018. Such designation will make it impossible to obtain replacement parts on a timely basis, vendor support or technical assistance for a critical component of our IT infrastructure.

This LeftHand device currently serves as one of the storage platforms supporting our virtual server environment (our in-house, "private cloud") and on which business critical data such as the ARRL Information System (AIS) databases and the message store for the MS Exchange email system reside.

Retirement and functional replacement of the LeftHand devices was planned to take place in two phases. The first phase, executed as part of the 2017 plan, replaced the function of the older and larger in capacity LeftHand device. Replacement of the last LeftHand device's capabilities is now the subject of this request. The device will be turning eight years old in 2017.

E. HP DL380 G9 Servers

This is a scheduled replacement for two of three the HP DL380 Gen8 servers that make up the compute portion of the VMware cluster-based virtual server environment (our in-house, “private cloud”) which currently hosts 40+ virtual machines running at ARRL HQ.

These two servers (along with the one being replaced in 2017) constitute ARRL’s frontline, production IT infrastructure that provides essentially all IT services in support of ARRL HQ operations exclusive of Logbook of the World.

One of the servers being replaced was acquired in 2012 and the other in 2013. These will be six and five years old respectively in 2018. Consistent with a policy of five-year hardware replacement, these servers are due (and overdue) for replacement in 2018.

F. Uninterruptible Power Supply Units (UPS)

These units are required to provide a continuous source of AC power to IT equipment during the brief interval from when commercial power is lost until our IT backup generators can start-up and come on line.

Currently we have 10 UPS units which are installed in the server racks located in our two computer rooms. All 10 of these units are required to support uninterrupted operation of production equipment.

The Plan for 2018 is to replace the 4 oldest of these units. All of the units to be replaced will be greater than 6 years old in 2018 and in the most extreme case one of the UPS identified for replacement in 2018 was manufactured in 2000.

G. Network Attached Storage Device

Expansion of the storage capacity within the IT facility is required to support an overall 15% annual data growth within the organization. The 2nd tier storage in particular is heavily used by editorial/graphics/production as an archive of the digital content (text, images and graphics) that are produced for publications. This will also provide the requested 1 to 2 terabytes of network storage to make Sharepoint storage available for all of the video content being produced. The 2nd tier is also used operationally by IT for in-house back-ups of the data from IT production systems such as Siebel, AIS, and LoTW.

H. Office Furniture

The 2018 proposed plan includes new office furniture for the Executive offices, specifically the CEO’s office and the creation of additional meeting space that will eventually become the future COO’s office. It is anticipated used office furniture will be purchased.

I. Broadcast Transceiver

The proposal includes replacing one of the two remaining old Icom IC-756Pro-series transceivers. This is the next purchase in a long term plan of equipment replacement for W1AW.

J. Capital Maintenance Projects

The proposal includes \$10,000 for capital building maintenance projects. While the priority of the projects has not yet been determined, these funds are to insure at least one additional capital maintenance project is addressed during the year.

K. Curbing Replacement & Repairs

Currently there are several areas of curbing around the property that are damaged or outright destroyed and need to be replaced. This is not a total re-curbing of the entire parking lot.

L. Renovation of Editorial Area

The Editorial area of the building is in need of an upgrade - new flooring, painting, etc. The proposed plan is to take this opportunity to redesign the area to make efficient use of the space by removing some of the non-load bearing walls to open up the space and allow for up to 6 work stations to be housed instead of the current 3.

M. Work Station Replacement

As part of the renovation of the Editorial area up to 6 work stations will be designed and will replace at least 3 old damaged desks. It is anticipated that used cubicle office furniture will be purchased.

N. Expansion of Diamond Terrace

Placing a brick in the Diamond Terrace continues to be a huge draw for people joining the Diamond Club. In 2018 the brick surface area will need to be expanded to accommodate future requests. The expansion will hold approximately 200 additional bricks.

STAFFING

ARRL, Inc.

The National Association for Amateur Radio

2018 Plan

Staffing

The total staffing complement proposed in the Plan for 2018 includes 82 full time and 5 part-time staff for a total of 87 employees. This represents a total of 85 Full Time Equivalent (FTE) positions and a net reduction of 5 positions (5.4%) from the approved 2017 Plan.

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

There are several changes in the staffing that should be noted:

1. Two (2) of the reductions have taken place through attrition although we will not be replacing them in the 2018 Plan. The positions are:
 - a. Field Services Manager – Full Time
 - b. Network Engineer – Part Time (this position was previously only working 5 hours per week)
2. The Production Department has eliminated the Digital Media Support Specialist position by reallocating resources to the Editorial staff, taking the part time Editorial position to full time.
3. Due to lower participation in awards and lower percentages of paper applications, coupled with the efficiencies that will be created with the move to the new DXCC software system, the Awards Department (RadioSport) is anticipating eliminating a full time Data Entry position.
4. With decreasing volume of QSL cards coming into the Bureau, the QSL Bureau Associate position will become a part time position.
5. With efficiencies gained in the Mailroom, it is anticipated to eliminate the part time Mailroom Assistant position through attrition.

Also included in the Plan is an average increase of 3.0% for the staff, effective on April 1, 2018. This does not mean that everyone will receive a raise, or even if they do, one that will equal 3.0%. Each individual's performance will be reviewed 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>2017 Plan</u>			<u>2018 Plan</u>		
	<u>FT</u>	<u>PT</u>	<u>Total</u>	<u>FT</u>	<u>PT</u>	<u>Total</u>
<u>Production</u>						
Editorial/Production						
Administration	3		3	2		2
Graphics	2		2	2		2
Composition	2		2	2		2
Editorial	3	1	4	4		4
<u>Sales & Marketing</u>						
Business Services	4		4	4		4
Membership	1		1	1		1
Marketing	2		2	2		2
Fulfillment	5	2	7	5	2	7
Warehouse	4		4	4		4
<u>Support</u>						
CEO	3		3	3		3
CFO	2		2	2		2
Development	3		3	3		3
Controllers	5		5	5		5
Information Technology	10	1	11	10		10
Administrative Services*	3	1	4	3		3
Building Maintenance	1		1	1		1
<u>Advocacy</u>						
Washington D.C.	1		1	1		1
Public Relations	1	1	2	2		2
<u>Radiosport & Field Services</u>						
Administration	2		2	2		2
Contests	1		1	1		1
Awards*	6		6	5		5
QSL Bureau*	1		1		1	1
Field Services	4		4	3		3
Emergency Preparedness	2		2	2		2
W1AW	2		2	2		2
Laboratory	4		4	4		4
Education	1	1	2	1	1	2
VEC	6	1	7	6	1	7
Total Staff	84	8	92	82	5	87
FTEs			89			85

* The staff reductions in these areas are expected to take place throughout 2018.