

**American Radio Relay League  
Proposed 2016 – 2017  
Plan**

**CONFIDENTIAL**

**ARRL, INC.**  
**The National Association for Amateur Radio**

**2016-2017 Plan**

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**SUMMARY**

**ARRL, Inc.**  
**The National Association for Amateur Radio**

**Proposed 2016-2017 Plan**

**Summary**

**To: ARRL Board of Directors**

With this document, the ARRL management team presents, for your consideration, our operational recommendations and financial projections for 2016 with initial financial projections for 2017. 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 “by function” form that we report internally on a monthly basis and the second is the more traditional income statement presentation.

We approached the planning for 2016 with great consideration knowing that it would be a very unique year. For the first time in 34 years the organization would be experiencing a change in its senior leadership with the announced retirement of the CEO David Sumner, K1ZZ, during the first half of the year. With the additional retirement of the COO, Harold Kramer, WJ1B, this means that 50% of the organization’s staff officer contingent will be changing in the first half of the coming year and the ARRL will lose over 54 years of ARRL experience. Times change and in many cases change can be good for an organization, but the immediate effects can’t be taken lightly and we know it will have an impact on our goals for the coming year.

In addition to this change, we believe the organization is facing many of the same operational and financial challenges in the coming year as have been identified in recent years. Among those are that the Amateur Radio industry continues to contract and advertising revenues will decline accordingly and a growing percentage of our wholesale publication sales will be through two large distributors, Amazon and Barnes & Noble. In addition, expense growth for existing programs and services, while manageable, limits our ability to add more except in small increments. And while there will be continued growth in the overall number of licensed Radio Amateurs, we assume that ARRL membership will decline based on past responses to a dues increase although the dues increase will help relieve the pressure on the operational bottom line a bit.

We begin this presentation as we have in the past, by comparing where we are as the current year draws to a close with our expectations as to how the current year would unfold.

**How does 2015 compare with our original expectations?**

As we began 2015, our outlook for the economy and the impact on the ARRL can be characterized as one of extreme caution. While there was continued improvement in the unemployment rate and hopes of a concurrent improvement in the general economy, true

measurable forward progress is still difficult to achieve. Expectations that the economy would improve enough by mid-year to allow the Federal Reserve to begin raising interest rates were continually pushed into the future with each meeting of the Fed's Board of Governors. This has caused some volatility in the investment markets but the large swings we've seen in recent months have been caused by concerns over global economic growth and specific financial issues in countries like China and Greece.

Also, in January the Board decided to delay a dues increase that many saw as too long in coming but were wary of the impact and wanted it studied further. Without this dues increase, revenues from on-going operations were projected to be flat and we were facing the second year in a row with a modest loss from operations. As a result, we were extremely cautious in our financial outlook for the year. As the year unfolded, it appeared that our caution was well founded but, in hindsight, we hadn't been cautious enough. Through the end of September:

- Publication sales have been running behind our original projections all year, the result of an overall softness in the sales environment and a lack of new publications early in the year.
- Advertising revenues declined more than we had anticipated as we continued to lose advertisers due to contraction in the Amateur Radio industry.
- Although the Centennial operating events were extremely popular and increased on-air activity, for a variety of reasons the number of individuals ultimately wanting recognition for participating plus the costs of managing and delivering everything from HQ, were not in line with the popularity. This caused us to reduce our revenue (and operating gain) expectations dramatically in the middle of the year.
- Expectations for an interest rate increase noted earlier didn't materialize in 2015 and the overall impact on the investment markets reduced our investment income below original expectations.

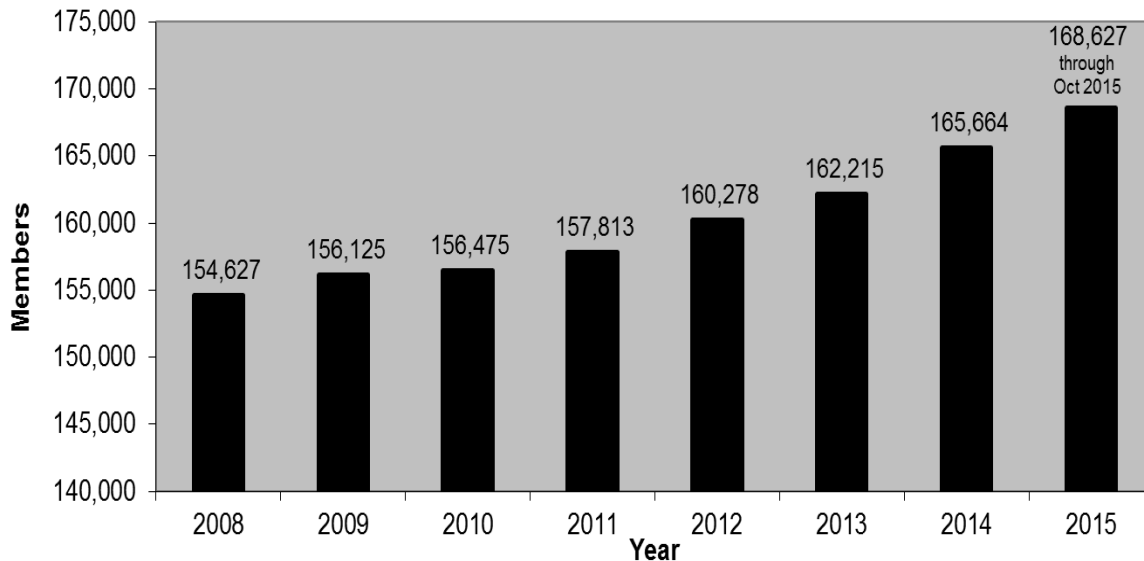
All told, these and other revisions of our original plan increased the forecast for our 2015 operating loss from \$207,000 to possibly as much as \$575,000, although the latter figure now appears to be a "worst case" scenario. While this does not create a crisis situation it did emphasize the need for additional revenues to simply maintain the level of programs and services currently offered to the membership.

The news has not been all negative so far in 2015. The number of people upgrading their licenses has surpassed our expectations so far this year. While new Amateur licenses issued are down 10% from last year's record-setting pace, they are 7% above the typical totals from previous years. Upgraded licenses are up 7% compared to the same period last year and up an impressive 23% over the 2013 totals. While not up to the unusual levels of 2014, these measures are better than what would be considered a "normal" year and we expect a similar level of activity in 2016.

Membership in 2015 continues to grow, and at a level above our expectations through the end of October. Through the end of the first ten months of 2015, total ARRL membership stood at

168,627, a 1.8% increase over the end of 2014. As seen in the graph below, we have been able to increase membership steadily through a difficult financial period. (*Please note that the bottom of the graph is not “zero”, so the rate of growth can appear exaggerated.*)

## ARRL Membership 2008-2015



As mentioned above, the financial projections for the bottom line (operating loss) changed significantly from the beginning of the year. At this point, we believe the forecasted loss from operations of \$575,000 is a “worst case” scenario assuming sales of the new editions of the *ARRL Handbook* and the *ARRL Antenna Book* along with the results from the final Defense of Frequencies Fund campaign scheduled for the fourth quarter of the year come reasonably close to expectations.

Operationally, it has been a good year so far for the organization with progress on various projects and accomplishments, some of which include:

- As noted above, total membership in the organization continues to grow steadily, and more than originally planned in 2015.
- The ARRL VEC continues to maintain its leadership position by administering approximately 75% of all Amateur Radio license exams.
- The list of Congressmen supporting the Amateur Radio Parity Act continues to grow as we near the mid-point of the 114<sup>th</sup> Congress. As of the writing of this report, 114

Congressmen have signed on as co-sponsors of H.R. 1301 and we have our first two non-original co-sponsors of S. 1685 in the Senate. In addition, S. 1685 has been reported out of the Senate Commerce Committee.

- Completion of preparation for the WRC-15, although the outcome of our agenda item for a 5 MHz allocation is far from certain.
- Published a suite of 15 ARRL books that were converted to Kindle EBooks, generating a new revenue stream contributing about \$6K per month
- Significant progress on the development of an update of the organization's strategic plan.
- Fulfillment of the awards from the Centennial operating events.
- The design, planning and roll-out of the National Parks on the Air operating event, scheduled to begin on January 1, 2016 has been completed. Excitement is already building for the event and activations have been scheduled on the NPOTA web site.
- Implemented a "Donate a Car" turnkey program with an outside vendor which has raised \$16,200 to date (through the end of October).
- Delivered an updated ARES manual and had it posted on the web site.
- Installation of a new VoIP phone system for the Headquarters operation which includes the warehouse and the staff of the Washington Office.
- Several planned and unplanned IT projects have been completed including the Centennial awards fulfillment, NPOTA as noted above, Affiliated Club module, and upgraded the Great Plains accounting software with progress made on several other projects.
- Improvements to the Headquarters IT infrastructure that were recommended by an outside security consultant were implemented.
- Engaged a safety consultant to identify issues throughout the Headquarters facility in response to a complaint letter from OSHA. All the recommendations were implemented including remediation of small amounts of mold in the main building and in the basement of W1AW and the complaint was closed by OSHA with no physical inspection required.

Overall, 2015 has been a good year, although nothing can compare to all the activity and excitement generated by the Centennial the prior year. However, there are concerns that need to be addressed in the near future regarding revenue growth and our ability to expand the services and programs of the organization.

## **Expectations for 2016 – Financial**

Overall economic expectations for the coming year are mixed at best. Much will depend on when the Federal Reserve decides to begin raising interest rates which have been at historic lows for several years now and what impact this has on the economy. The fact that it's a Presidential election year may also be a factor for the investment markets and there are mixed expectations for sustained, substantial economic growth. What impact any of these things have on the organization's operations and its operating results for 2016 is not likely to be very significant. However, any market volatility can and will have a significant impact on our available net assets, the base for any possible organizational expansion in the future.

In building the 2016 operating plan and financial projections, we took the position that, aside from those tied to the Centennial celebration, the trends we've seen throughout the past couple of years are going to continue. As you will see, we have included an increase in revenues from the dues increase scheduled for January 1, 2016 but the full impact of that increase will not be felt in the coming year. And even with the impact of this action, it took careful expense management to produce even the small operating gain we are projecting for 2016. As you will see, there are increases in some revenue categories and these are based on what we consider conservative assumptions.

We believe there are positive signs for the near term. The number of new licensees is expected to be at the same level as in 2015, approximately 30,000 with the number of upgrades at about 11,000. This is important as interest in the ARRL has historically been stronger with more active Amateurs in the higher license classes. And although we are projecting a decrease in the overall membership consistent with historical trends, we believe this to be a worst case scenario based on feedback we're getting from the field and reports from Directors who have been discussing the upcoming increase in their Divisions.

Our expectations for publication sales include a slight increase in the percentage of sales through Amazon, our single largest distributor outside of ARRL individual sales. Amazon, along with Barnes and Noble, represent about 55% of our total sales through wholesale outlets with Amazon being the lion's share of that percentage. As noted in prior years' reports, while increasing sales are generally considered a positive trend, it does come with smaller gross margins for the organization, an impact that we will need to monitor carefully in the future. In a similar vein, we are expecting sales of electronic publications to increase substantially in 2016. As is the case with wholesale outlets, increasing sales through another channel is considered a positive trend but also has an impact on the overall margin. New sales through these outlets will be very good for the organization, but if the majority of these sales represent "transfer sales" from individual sales of printed books, our overall margins will be impacted negatively.

Revenues derived from the sale of advertising are expected to continue on a downward trend in 2016. There are several reasons for this. There is a continuing trend of consolidation in the Amateur Radio industry among players large and small. In addition, there are others who are simply leaving the business due to retirement or, in some cases, business results. And finally, there are also a few advertisers who have declined to advertise with the ARRL due to organizational positions with which they disagreed. For whatever the reason, all of these



circumstances have a negative impact on our revenues. One positive note, we have sold all the advertising space available on the National Parks on the Air operating event web site.

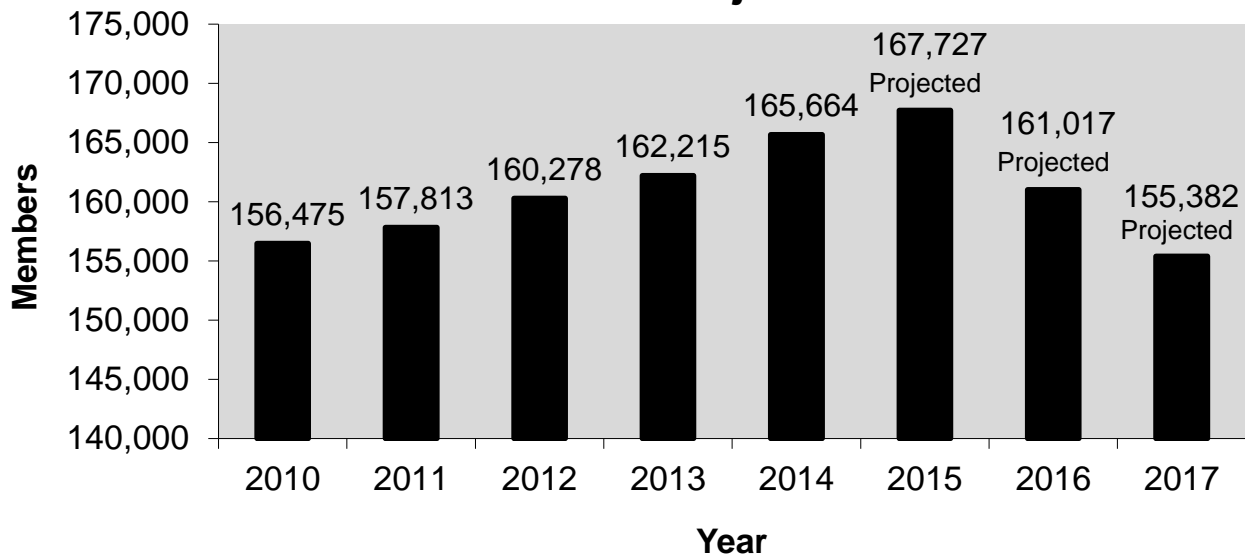
With revenues from fulfillment of the Centennial awards disappearing in 2016 and revenues from the National Parks on the Air event not expected to ramp up much until 2017 after the event is concluded, we are projecting only small increases in activity based fees overall next year. Fees from the ARRL VEC, while not at the level of the record year produced in 2014, are expected to increase slightly. DXCC award fees are expected to be up as well.

Although we will still use over \$1 million in voluntary contributions to offset specific expenses in 2016, we expect the total to be down slightly from what we will experience in 2015. As we've noted in prior reports, our development base is "mature" and unlikely to expand significantly.

Other areas of revenue are projected to be up slightly including subscriptions to our other periodicals, *QEX* and *NCJ*, as well as miscellaneous income. With only small increases in interest rates now projected for the coming year, investment income is expected to be roughly on par with the level in 2015.

The one area of significant improvement in our revenue projections is dues income, solely the result of the \$10 increase in the annual term dues rate beginning January 1, 2016. There has been much discussion of this by the Board of Directors in the past year so little additional needs to be said here, but after 14 years, we strongly believe it is time for the dues to be increased. As noted earlier in this report, this decision does not come without a downside and that is seen in our projections of the total membership for coming year. Total membership is projected to decrease in 2016 as members begin to renew in the first part of 2016 and this is likely to be a trend throughout the year. We have projected a loss of approximately 4% of the membership in the first year of the increase. It should also be said here that, due to the fact that memberships in the ARRL renew throughout the year, it will be at least 2017 before we see the full favorable impact of the dues increase which, when fully implemented is expected to be over \$1 million by 2017 even taking into account the possible membership losses. Our projections for the membership over the planning horizon are shown in the chart below (*Again, please note that the bottom of the graph is not zero, so the rate of growth/loss can appear exaggerated.*):

# ARRL Membership 2010-2017 Projected



While the membership loss looks to be dramatic, it is roughly in line with past experience surrounding dues increases. Also, we have historically shown the ability to reverse the trend and begin to increase the membership within no later than 36 months after a dues increase. We expect that period to be somewhat shorter this time around.

Overall then, we are not projecting dramatic increases in most revenue sources in 2016 with the exception of dues and, in the case of publication sales, with the addition of more new titles and editions. And, as noted above, advertising revenues are projected to decrease. This continues to put pressure on our ability to keep costs down as we strive to provide the same level of member programs and services. Even with the increases in revenues we're predicting there are few, if any, new monies available to fund new programs. The increasing costs of our existing products and services continues to consume our small projected revenue increases.

We approached the financial projections this year with the objective of returning the organization's operating bottom line to a gain, in comparison to the past two years of planned operating losses. While we believe there were good and valid reasons for operating at a loss for that period (including the Centennial celebration), it is not an operating philosophy we can support for the longer term. We must create positive operating income that can be used to a) sustain the organization going forward and b) provide funds for appropriate new initiatives as they arise. While we believe we have been able to do that, you will see that the operating gains projected for 2016 and 2017 are very slim margins in comparison to our total revenues.

In total, revenues projected for 2016 are expected to top \$15.3 million, an increase of 4.5% (approx. \$666,000) over where we forecasted to finish 2015. Almost the entire amount is due to the first year impact of the dues increase. Publication sales on the strength of new titles and

editions, electronic publication sales and a boost from products associated with the National Parks on the Air event are also expected to rise in 2016. Through careful management, we are budgeting expenses of \$15.1 million for 2016, a “no growth” scenario when compared to 2015.

Overall then, our financial projections include an operating gain of \$225,000 in 2016 followed by a gain of \$211,000 in 2017, albeit the assumptions for revenues and expenses are not as well defined for the second year of the projections. Again, these are very small margins representing slightly more than 1% of total revenues in each year and if the organization wants to branch out into new areas or develop new programs and services, we will need to increase the bottom line.

### **Expectations for 2016 – Operationally**

As noted above, we consider 2016 to be a “Year of Transition” for a number of reasons. First, as discussed earlier, the change in the senior management of the organization. Secondly, we expect the output of the Strategic Planning Working Group to help set the agenda and direction of the organization for the coming years. Both of these events colored our approach to both financial and operational planning for 2016. We think we’ve been fairly conservative in both. We felt it would be presumptuous to plan for significant new programs and directions for the organization before having the new CEO on board in addition to finalizing the new Strategic Plan.

Still, it was a challenge trying to maintain the existing level of services and programs while balancing those with the financial realities of the short term future of the ARRL. While primarily planning to maintain the status quo, we are proposing a few new initiatives in the coming year.

- The biggest new initiative in the coming year will be the National Parks on the Air operating event which will begin, officially, on January 1, 2016. Although the official start is over two months away, almost all of the planning and preparation work for the event has been completed. This included, among other things, designing of the event, negotiating with the National Parks Service, writing the business plan for the operation, documenting the specifications for the web site processing, creating and ordering the merchandise and planning all the public relations including social media which will accompany the event throughout the coming year. It is important to note that, while the genesis of the event began early in 2015, it was not originally in our plans for the year and most of this work was accomplished since the Board approved the event at the July, 2015 meeting. In contrast to past efforts, this involved the careful management of the whole process with a project manager (in this case Norm Fusaro, W3IZ, and Sean Kutzko, KX9X) and timely contributions from and coordination with the IT and Sales and Marketing departments.
- We have included funding for the beginning of the Outreach for Diversity initiative approved by the Board of Directors. Most of the work in 2016 encompasses the early stages of information gathering with attendance at several events which are not focused on ham radio.
- We will be supporting another National Convention in February in Orlando which will include the ARRL Expo and a banquet organized by the HQ staff.

- There is funding in the Plan for an intern in the Public Relations Department to focus on increasing our presence and activity across the various social media platforms.
- Logbook of the World – With a significant amount of work completed on digging out of the technical debt hole, the Logbook of the World Study Committee plans to move forward with work to develop additional capabilities and a business plan to hopefully drive the longer term financial viability of this program.
- In addition to the work on Logbook of the World, there are a large number of development and infrastructure projects in the IT Department planned for 2016-2017. Some are in progress at the time of this writing while others, although planned for 2015, were deferred to 2016 as other projects were identified as having a higher priority. It is imperative that we complete the task of retiring our legacy systems because each passing year puts the organization at more and more risk of system failure and/or security issues associated with obsolete software. There are two major projects in this area that will encompass all of our non-LoTW development resources.
- Create a “Go Kit” for use in schools selected for ARISS contacts which will provide the necessary equipment and alleviate the requirement for local clubs to procure the appropriate equipment.
- Replace the roof on the WIAW building which is in need of repair.
- Through the use of outside contractors, upgrade the E-letter platform which supports newsletters such as the ARRL Letter, ARES newsletter and others.
- Upgrade the VEC exam maker software and create a secure portal for the transmission of test information from VEC teams. There are funds included in the Plan to use an outside contractor for this as well.
- Produce an upgrade to the traditional Repeater Directory format to include reporting of all repeaters in order according to their state and city locations and will list Yaesu FUSION systems, APCO-25 Level 2 repeaters, NXDN repeaters, Digital ATV repeaters, and narrowband analog FM systems.

Other objectives for 2016 include:

- Teachers’ Institutes – We plan to continue this program with three TI’s planned for 2016. There has been less enthusiasm from the community of teachers for these in recent years so plans are in the works to generate more interest and attract more attendees. There are funds in the Education and Technology Fund to cover the costs of the TIs for 2016.

- The introduction of several new titles (see page #42 and 43) to help bolster publication sales revenues while increasing the number of titles converted to e-books for sale through Amazon.
- While there are no major technology infrastructure projects scheduled for 2016, we plan to continue with incremental improvements in our overall security posture.

As is the case every year, the planning process includes decisions regarding which projects and objectives should take precedence and balancing these with the resources necessary to support and continue our existing programs. Although the increase in dues revenues helped this process for 2016, there were still decisions to be made and we believe we have created a plan that delivers on the organization's on-going programs and services while adding selective new products and services where appropriate.

It generally goes without saying that the largest single allocation of resources for the organization is the compensation and benefits provided for the staff. Through a reduction in some areas and a reallocation of staff resources to others, in total we are proposing a reduction of one full-time staff position in 2016 in comparison to the staffing in 2015. In addition, we are proposing an average merit increase of 3% in 2016 which is slightly (0.5%) more than in recent years but we have held the line in this portion of our costs for several years and feel it is time to provide a small increase to help adjust for inflation and the ever increasing cost of health insurance. This average percentage increase includes not only merit increases for staff in existing positions but also anticipates increases that may be created by the new senior management team in what we assume will be some level of organizational changes they may wish to implement. As always, this does not mean that everyone on the staff will receive this level of compensation adjustment. The actual increase granted to each individual will be based on their performance coupled with where their compensation is relative to the appropriate salary range for the job grade.

The costs of benefits, particularly health and dental insurance will continue to rise in 2016. The total cost of benefits for the staff is expected to increase by 4.6% to \$1.58 million. Much of this increase is the result of the rising cost of health care where increases can be tied to new State and Federal mandates and regulations as well as the actual claims experience of the ARRL's group insurance. We are expecting an increase of slightly less than 6% in the cost of the health insurance plan offered to the staff in 2016. We are not proposing an increase in the matching program for the 403(b) pension plan for the planning period although we continue to hope that this will be possible in the near future to restore some of the value of the benefit that was lost in the conversion from a defined benefit to a defined contribution plan.

With the agreed upon dues increase and our projections for publication sales increases, we are projecting a return to a positive gain from operations for both years in this planning horizon. As noted above, it is a plan which includes a few new initiatives but is based on our expectations that 2016 will be a year of transition for both the staff leadership of the organization and the strategic plans and initiatives.

## **Revenue Trends and Assumptions**

While the programs and activities of the organization are the most important component of our mission and this Plan, how the organization plans to raise and allocate the funds necessary to carry out those activities is of critical importance. We believe it is also important to describe the underlying assumptions that have been used in this plan to project the revenues from our major sources.

## **Membership and Dues**

As has been discussed earlier in this document, one of the most important revenue assumptions for the coming year, if not the most important one, is the approved increase in the term dues rate of \$10 beginning January 1, 2016. This brings the annual term dues rate to \$49, the first increase in almost 14 years which provides additional revenues for the organization. Without this, we would be forced to eliminate programs and services to maintain even a break-even result. Because of the way we recognize dues revenues, over the period rather than all up front upon receipt, it will take until 2017 to experience the full impact of the increase in our financial results. In the first year, and assuming some loss of members due to the increase, dues revenues are expected to increase over \$600,000 from the level in 2015. That will rise another \$400,000 in 2017 to bring the annual impact going forward to over \$1 million from the current level of dues revenues.

Again, we fully expect the membership to decrease in 2016 and likely again in 2017 before we can begin to see a recovery in the third year post-increase. Our expectations for the next two years of membership totals are shown on page 9 earlier in this Summary.

## **Publication Sales**

Gross publication sales revenues are expected to increase by 5.4% in 2016 or a total of \$185,000 over the level we reforecasted for 2015. Sales will be bolstered in the coming year by several new titles, the expansion of our e-book list by more than a dozen additional titles and a new edition of the *Extra Class License Manual* to be introduced with the revised question pool. We also expect to see a significant increase in the sales of the *Ham Radio License Manual* including the new spiral bound edition of this title. We do expect to experience some decrease in sales revenues for the *ARRL Handbook* and *Repeater Directory* product lines after their introduction in late 2015. An additional \$40,000 of sales is included in the projections for sales of the NPOTA product line.

Marketing of our publications will continue across a variety of platforms including direct mail, printed catalogs, e-mail solicitations, new product bulletins, our web site and other publishing platforms. We expect to continue to sell through a mixture of retail and wholesale channels. Although the percentage of total wholesale publication sales through Amazon is expected to increase slightly in 2016, we don't expect total revenues from the wholesale marketing of our publications to grow.

## **Advertising Revenues**

As has been the case over the past several years, we expect the downward trend in advertising revenues to continue in 2016. The main reasons for this is the overall loss of advertisers as the Amateur Radio industry continues to consolidate, other advertising customers go out of business and a few selected advertisers withhold advertising money as a result of disagreements with ARRL policy or operational initiatives. The largest of this latter group is Yaesu and we are not planning for any increase in the minimal level of advertising with the ARRL in the coming year.

Before the end of 2015, we will be able to provide additional advertising opportunities on the Logbook of the World web pages and have included revenues for this in our 2016 projections as well as revenues for spaces sold on the new National Parks on the Air web pages. It remains to be seen how much additional advertising space can be opened up with the upgrade of the platform for our newsletters.

Total advertising revenues across all outlets is projected to total \$2.39 million in 2016, a small decrease of less than 1%.

## **Voluntary Contributions**

Voluntary contributions are a continuing, significant source of revenues, both in support of specific activities and for unrestricted purposes. While our donor pool is small, it is extremely loyal which allows us to project a mostly consistent level of contributions from one year to the next. Increases and decreases in the total amount tend to vary slightly from year to year based on specific events that can trigger giving. Such is the nature of the Defense of Frequencies fund, for example. We do plan a limited campaign to raise funds for the Legislative Issues Advocacy Fund to leverage the activity on our Congressional bill.

Estimates for total contributions to be used to offset expenditures in 2016 are down slightly from where we expect to finish in 2015. Total unrestricted contributions are basically on a par with 2015 but our expectations for the Defense Fund are that we will not see the same level of giving in 2016. Overall, total contributions are projected to be 1.05 million, about \$60,000 less than where we expect to finish 2015. This does not include fulfillment of Second Century Campaign pledges and does not assume any revenues from bequests, which are by their nature unpredictable.

## **Program Fees**

Increases in fees from the ARRL VEC and Field and Radiosport Department (primarily DXCC fees) are expected to offset decreases in other fee based revenues to produce a small increase, overall, in the category of Program Fees. In addition, we expect to see a small amount of revenue (\$11,000) from the National Parks on the Air event in 2016 with the bulk of the revenues coming in 2017, after the event has been completed.

Overall, we are projecting a total of \$1.13 million in activity based fees in 2016, growing to \$1.21 million in the second year of the planning horizon.

## Capital Expenditures

Capital expenditures being proposed for 2016 total \$134,000. There is \$36,000 proposed for computer equipment to meet our replacement goals and to add an additional generator to support the computer and corporate infrastructure needs. In addition, there is \$20,000 included in the plan for a new roof and equipment for W1AW.

We also plan to replace some old equipment around the building in the form of \$23,000 for new copiers, conference room chairs, and equipment for the Controller's Department.

And finally, there is a total of \$55,000 for three software development projects by contractors:

- \$20,000 to upgrade the E-Letter Platform
- \$15,000 for Online Exam Generating Software and VEC Portal Enhancements
- \$20,000 to upgrade the Contest Logging and Scoring Access Database

## Staffing

The 2016 Plan proposes a staff complement of 100 full and part-time employees which is one position less than the prior year. This represents a total of 95 Full Time Equivalents (FTE), a reduction of 1 FTE from 2015. The reduction in staff is due to the outsourcing of current services at a significant savings to the ARRL. In addition, it should be noted that the proposal includes several changes within the organization as detailed in the Staffing section of the plan

The Plan also incorporates an average merit increase of 3.0% effective on April 1, 2016.

## Risks and Opportunities

As always, there are risks involved in planning. Although we repeat them here, they have not changed significantly for the ARRL in the past several years.

1. **Bottom line** – After two consecutive years of operating losses, we felt very strongly that the 2016-2017 Plan needed to include financial goals that produced positive bottom line gains for the two years. Planning for losses does not allow the organization any margin of error, nor does it provide needed funds to expand and grow membership services and programs. But it must be pointed out, the projected gains over this planning horizon are small, relatively speaking and could disappear easily if certain revenue assumptions do not come to fruition. We need to continue strong expense management to help insure we meet our bottom line goals.
2. **Economy** – This is always a concern for the organization and needless to say, there is still a great deal of uncertainty in the economy as we move into the new year.
3. **Membership** – We have been able to increase the membership steadily, albeit slowly, in the past several years. However, as we go into a year where we are proposing a dues increase, we know that will result, initially, in a loss of members. Our objective will be to limit this to the



extent possible and work to turn around that inevitable trend as soon as possible. The risk for the organization rests in how great is that loss and when does it reverse itself. Early indications are that the core membership is understanding of the need for an increase.

4. **Voluntary Contributions** – We have been fortunate to have a loyal and committed base of donors, both large and small. But motivating that base has been more difficult after such a large push for the Second Century Campaign in 2014. Returning to the annual giving levels of the prior years will be a challenge.
5. **Advertising** – This area of our revenues is always a concern because of the continuing downward trends in the market for print advertising and the issues facing the Amateur Radio industry overall.
6. **Strategic Planning** – As discussed previously, the Strategic Planning Working Group is still in the process of finalizing its recommendations for the Board of Directors. 2016 will be the year where we should begin the implementation process which will have some impact on the overall outlook and results of the organization.

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. 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

Harold Kramer, WJ1B  
Chief Operating Officer

<b>AMERICAN RADIO RELAY LEAGUE, INC.</b>					
<b>SUMMARY</b>					
<b>2016</b>					
	<b>2014</b>	<b>2015</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<b>Actual</b>	<b>Plan</b>	<b>Plan</b>	<b>Plan</b>	<b>Plan</b>
			<b>(Reforecast)</b>		
<b>REVENUES</b>	<b>\$13,882,809</b>	<b>\$14,280,000</b>	<b>\$13,557,000</b>	<b>\$14,282,000</b>	<b>\$14,736,000</b>
<b>EXPENSES</b>	<b>11,017,125</b>	<b>11,448,000</b>	<b>11,128,000</b>	<b>10,934,000</b>	<b>11,281,000</b>
<b>NET AVAILABLE INCOME</b>	<b>2,865,684</b>	<b>2,832,000</b>	<b>2,429,000</b>	<b>3,348,000</b>	<b>3,455,000</b>
<b>MEMBER PROGRAM EXPENDITURES</b>	<b>4,187,533</b>	<b>4,174,000</b>	<b>4,112,000</b>	<b>4,172,000</b>	<b>4,334,000</b>
<b>SUB-TOTAL</b>	<b>(1,321,849)</b>	<b>(1,342,000)</b>	<b>(1,683,000)</b>	<b>(824,000)</b>	<b>(879,000)</b>
<b>CONTRIBUTIONS</b>	<b>1,083,319</b>	<b>1,135,000</b>	<b>1,108,000</b>	<b>1,049,000</b>	<b>1,090,000</b>
<b>INCOME FROM OPERATIONS</b>	<b>(238,530)</b>	<b>(207,000)</b>	<b>(575,000)</b>	<b>225,000</b>	<b>211,000</b>
<b>SECOND CENTURY CAMPAIGN</b>	<b>(223,181)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2014 NATIONAL CONVENTION</b>	<b>(165,631)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>GAIN/(LOSS) ON INVESTMENT</b>	<b>274,557</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET EXCESS (DEFICIT)</b>	<b>\$ (352,785)</b>	<b>\$ (207,000)</b>	<b>\$ (575,000)</b>	<b>\$ 225,000</b>	<b>\$ 211,000</b>

<b>AMERICAN RADIO RELAY LEAGUE, INC.</b>					
<b>INCOME</b>					
<b>2016</b>					
	<b>2014</b>	<b>2015</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<b>Actual</b>	<b>Plan</b>	<b>Plan</b>	<b>Plan</b>	<b>Plan</b>
			<b>(Reforecast)</b>		
<b>REVENUES</b>	<b><u>\$14,113,774</u></b>	<b><u>\$14,280,000</u></b>	<b><u>\$13,557,000</u></b>	<b><u>\$14,282,000</u></b>	<b><u>\$14,736,000</u></b>
Product Sales	3,748,193	3,645,000	3,454,000	3,639,000	3,638,000
QST and Magazines	223,436	205,000	204,000	219,000	218,000
Advertising	2,536,434	2,453,000	2,414,000	2,393,000	2,415,000
Membership Dues	5,915,074	6,018,000	5,942,000	6,581,000	6,935,000
Program Fees	1,095,172	1,099,000	1,098,000	1,128,000	1,209,000
Interest/Dividends	217,066	276,000	179,000	182,000	183,000
2014 Convention Revenue	230,965	-	-	-	-
Centennial Activities	-	454,000	136,000	3,000	-
Other	147,434	130,000	130,000	137,000	138,000
<b>EXPENSES</b>	<b><u>\$11,636,902</u></b>	<b><u>\$11,448,000</u></b>	<b><u>\$11,128,000</u></b>	<b><u>\$10,934,000</u></b>	<b><u>\$11,281,000</u></b>
Product Sales	2,973,043	2,787,000	2,700,000	2,781,000	2,785,000
QST and Magazines	2,727,827	2,728,000	2,656,000	2,554,000	2,637,000
Advertising	278,897	272,000	269,000	283,000	291,000
Membership Dues	998,401	979,000	974,000	1,026,000	1,028,000
Investment Expenses	2,493	1,000	2,000	2,000	2,000
2014 Convention Expenses	396,596	-	-	-	-
Centennial Activities	37,797	361,000	201,000	-	-
<b>Support:</b>	<b><u>\$ 4,221,848</u></b>	<b><u>\$ 4,319,000</u></b>	<b><u>\$ 4,326,000</u></b>	<b><u>\$4,288,000</u></b>	<b><u>\$4,538,000</u></b>
Administration	898,984	897,000	922,000	888,000	1,072,000
Development/Fundraising	351,918	401,000	347,000	384,000	400,000
Second Century Campaign	223,181	-	-	-	-
Controller	886,154	949,000	1,002,000	960,000	977,000
Information Technology	1,225,431	1,316,000	1,291,000	1,272,000	1,309,000
Administrative Services	253,886	234,000	230,000	240,000	247,000
Personnel	32,007	16,000	16,000	25,000	21,000
Change in Payroll Accrual	(153,426)	(1,000)	(1,000)	2,000	(20,000)
Building	503,713	507,000	519,000	517,000	532,000
<b>NET AVAILABLE INCOME</b>	<b><u>\$ 2,476,872</u></b>	<b><u>\$ 2,832,000</u></b>	<b><u>\$ 2,429,000</u></b>	<b><u>\$3,348,000</u></b>	<b><u>\$3,455,000</u></b>
Product Sales	775,150	858,000	754,000	858,000	854,000
QST and Magazines	(2,504,391)	(2,523,000)	(2,452,000)	(2,335,000)	(2,419,000)
Advertising	2,257,537	2,181,000	2,145,000	2,110,000	2,124,000
Membership Dues	4,916,673	5,039,000	4,968,000	5,555,000	5,907,000
Program Fees	1,095,172	1,099,000	1,098,000	1,128,000	1,209,000
Investment Income	214,573	275,000	177,000	180,000	181,000
2014 Convention	(165,631)	-	-	-	-
Centennial Activities	(37,797)	93,000	(65,000)	3,000	-
Other and Support	(4,074,414)	(4,189,000)	(4,196,000)	(4,151,000)	(4,401,000)

AMERICAN RADIO RELAY LEAGUE, INC.					
SPENDING					
2016					
	2014	2015	2015	2016	2017
	Actual	Plan	Plan	Plan	Plan
			(Reforecast)		
<b>MEMBER PROGRAM</b>					
<b>EXPENDITURES</b>	<b><u>\$4,187,533</u></b>	<b><u>\$4,174,000</u></b>	<b><u>\$4,112,000</u></b>	<b><u>\$4,172,000</u></b>	<b><u>\$4,334,000</u></b>
<b>Advocacy</b>	<b><u>\$939,203</u></b>	<b><u>\$965,000</u></b>	<b><u>\$958,000</u></b>	<b><u>\$890,000</u></b>	<b><u>\$927,000</u></b>
Washington	685,159	641,000	646,000	613,000	630,000
International/IARU	142,212	189,000	178,000	132,000	145,000
Public Relations	111,832	135,000	134,000	133,000	140,000
Outreach through Discovery	-	-	-	12,000	12,000
<b>Field Services and Radiosport</b>	<b><u>\$1,784,169</u></b>	<b><u>\$1,772,000</u></b>	<b><u>\$1,759,000</u></b>	<b><u>\$1,849,000</u></b>	<b><u>\$1,941,000</u></b>
Administration	279,262	276,000	275,000	278,000	287,000
Contest	158,999	166,000	166,000	190,000	221,000
DXCC/Awards	525,336	492,000	484,000	529,000	546,000
National Parks On the Air	-	-	-	3,000	12,000
QSL Bureau	93,865	99,000	98,000	102,000	105,000
W1AW	151,606	147,000	146,000	150,000	156,000
Field Services	302,687	306,000	305,000	311,000	324,000
Emergency Preparedness & Response	164,011	160,000	159,000	164,000	168,000
Section Expenses	108,403	126,000	126,000	122,000	122,000
<b>Educational Programs</b>	<b><u>\$238,685</u></b>	<b><u>\$262,000</u></b>	<b><u>\$228,000</u></b>	<b><u>\$231,000</u></b>	<b><u>\$235,000</u></b>
Education Services	108,907	110,000	98,000	114,000	116,000
Educ & Technology	129,778	152,000	130,000	117,000	119,000
<b>VEC</b>	<b><u>\$441,995</u></b>	<b><u>\$404,000</u></b>	<b><u>\$401,000</u></b>	<b><u>\$398,000</u></b>	<b><u>\$395,000</u></b>
<b>LAB</b>	<b><u>\$439,675</u></b>	<b><u>\$434,000</u></b>	<b><u>\$429,000</u></b>	<b><u>\$458,000</u></b>	<b><u>\$490,000</u></b>
<b>Governance</b>	<b><u>\$343,806</u></b>	<b><u>\$337,000</u></b>	<b><u>\$337,000</u></b>	<b><u>\$346,000</u></b>	<b><u>\$346,000</u></b>
Divisions	109,188	115,000	115,000	116,000	116,000
Officers	21,117	35,000	35,000	35,000	35,000
Board Meetings	125,610	112,000	112,000	120,000	120,000
Committees	87,891	75,000	75,000	75,000	75,000

<b>AMERICAN RADIO RELAY LEAGUE, INC.</b>					
<b>CONTRIBUTIONS / INVESTMENT ACTIVITY</b>					
<b>2016</b>					
	<b>2014</b>	<b>2015</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<b>Actual</b>	<b>Plan</b>	<b>Plan</b>	<b>Plan</b>	<b>Plan</b>
			<b>(Reforecast)</b>		
<b>CONTRIBUTIONS AND</b>					
<b>SUPPORT</b>	<b><u>\$1,083,319</u></b>	<b><u>\$1,135,000</u></b>	<b><u>\$1,108,000</u></b>	<b><u>\$1,049,000</u></b>	<b><u>\$1,090,000</u></b>
<b>Unrestricted</b>	<b><u>\$424,974</u></b>	<b><u>\$437,000</u></b>	<b><u>\$447,000</u></b>	<b><u>\$453,000</u></b>	<b><u>\$513,000</u></b>
Diamond Club	336,838	325,000	335,000	335,000	335,000
Miscellaneous	88,136	112,000	112,000	118,000	178,000
Member Loyalty	546	-	-		
<b>Donor-Restricted: "Uses"</b>	<b><u>\$658,345</u></b>	<b><u>\$698,000</u></b>	<b><u>\$661,000</u></b>	<b><u>\$581,000</u></b>	<b><u>\$578,000</u></b>
Capital Campaign Earnings	<u>\$91,915</u>	<u>\$65,000</u>	<u>\$50,000</u>	<u>\$51,000</u>	<u>\$51,000</u>
Defense:	<u>\$323,660</u>	<u>\$350,000</u>	<u>\$350,000</u>	<u>\$310,000</u>	<u>\$310,000</u>
Advocacy	275,853	290,000	315,000	250,000	250,000
Fundraising	47,807	60,000	35,000	60,000	60,000
Education & Technology:	<u>\$157,213</u>	<u>\$181,000</u>	<u>\$159,000</u>	<u>\$145,000</u>	<u>\$147,000</u>
Program	134,030	152,000	133,000	120,000	121,000
Fundraising	23,183	29,000	26,000	25,000	26,000
Legislative Issues Advocacy	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$17,000</u>	<u>\$0</u>
W1AW Endowment	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Legal Research & Resource	<u>\$4,960</u>	<u>\$7,000</u>	<u>\$7,000</u>	<u>\$7,000</u>	<u>\$7,000</u>
Lab Fund	<u>\$10,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Preservation of Artifacts	<u>\$1,760</u>	<u>\$8,000</u>	<u>\$8,000</u>	<u>\$1,000</u>	<u>\$1,000</u>
W1AW	<u>\$14,687</u>	<u>\$47,000</u>	<u>\$47,000</u>	<u>\$25,000</u>	<u>\$20,000</u>
Ham Aid	<u>\$2,150</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>\$6,500</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Hiram Percy Maxim Award	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,000</u>	<u>\$2,000</u>
Star Technology Fund	<u>\$1,500</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Project Goodwill	<u>\$4,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>GAIN/(LOSS) ON SALE</b>					
<b>OF INVESTMENTS</b>	<b><u>\$274,557</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<b>American Radio Relay League</b>					
<b>Detailed Income Statement</b>					
<b>2016 Plan</b>					
	<b>2014</b>	<b>2015</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<b>Actual</b>	<b>Plan</b>	<b>Plan</b>	<b>Plan</b>	<b>Plan</b>
			<b>(Reforecast)</b>		
<b>RECONCILIATION BY TOTALS</b>					
<b>REVENUES</b>					
PUBLICATIONS & PRODUCTS	\$ 3,748,193	\$ 3,644,000	\$ 3,454,000	\$ 3,639,000	\$ 3,638,000
ADVERTISING	2,536,434	2,453,000	2,414,000	2,393,000	2,415,000
DUES & SUBSCRIPTIONS	6,138,510	6,223,000	6,146,000	6,800,000	7,153,000
PROGRAM & SERVICE FEES	1,095,172	1,554,000	1,235,000	1,131,000	1,209,000
INVESTMENT INCOME	491,623	276,000	179,000	182,000	183,000
CONTRIBUTIONS & SUPPORT	1,083,319	1,135,000	1,108,000	1,049,000	1,090,000
2014 NATIONAL CONVENTION	230,965	-	-	-	-
OTHER	147,434	130,000	130,000	137,000	138,000
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<b>TOTAL REVENUES</b>	<b>15,471,650</b>	<b>15,415,000</b>	<b>14,666,000</b>	<b>15,331,000</b>	<b>15,826,000</b>
<b>DIRECT COSTS</b>					
PUBLICATIONS & PRODUCTS	1,813,622	1,652,000	1,572,000	1,598,000	1,585,000
MEMBERSHIP & SUBS	2,152,603	2,161,000	2,084,000	2,040,000	2,106,000
ADVERTISING	-	-	-	-	-
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<b>TOTAL DIRECT COSTS</b>	<b>3,966,225</b>	<b>3,813,000</b>	<b>3,656,000</b>	<b>3,638,000</b>	<b>3,691,000</b>
<b>ADMINISTRATIVE EXPENSES</b>					
HEADQUARTERS	11,406,003	11,347,000	11,123,000	11,000,000	11,456,000
BOARD OF DIRECTORS, OFFICERS & COMMITTEES	343,805	336,000	336,000	346,000	346,000
SECTION LEVEL	108,402	126,000	126,000	122,000	122,000
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<b>TOTAL ADMIN EXPENSES</b>	<b>11,858,210</b>	<b>11,809,000</b>	<b>11,585,000</b>	<b>11,468,000</b>	<b>11,924,000</b>
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<b>TOTAL EXPENSES</b>	<b>15,824,435</b>	<b>15,622,000</b>	<b>15,241,000</b>	<b>15,106,000</b>	<b>15,615,000</b>
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<b>NET EXCESS (DEFICIT) FROM OPERATIONS</b>	<b>\$ (352,785)</b>	<b>\$ (207,000)</b>	<b>\$ (575,000)</b>	<b>\$ 225,000</b>	<b>\$ 211,000</b>
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<b>American Radio Relay League</b>					
<b>Detailed Income Statement</b>					
<b>2016 Plan</b>					
	<b>2014</b>	<b>2015</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<b>Actual</b>	<b>Plan</b>	<b>Plan</b>	<b>Plan</b>	<b>Plan</b>
			<b>(Reforecast)</b>		
<b>REVENUES:</b>					
<b>PUBLICATION AND PRODUCT SALES:</b>					
ARRL Handbook	\$ 462,238	\$ 474,000	\$ 487,000	\$ 462,000	\$ 475,000
Repeater Directory	182,819	185,000	174,000	163,000	160,000
Ham Radio License Manual	569,252	479,000	471,000	530,000	550,000
Training Aids	360,753	434,000	397,000	453,000	425,000
Non-ARRL Publications	168,416	183,000	174,000	164,000	165,000
Royalty Items	195,595	206,000	173,000	234,000	250,000
Other Books	822,622	899,000	812,000	820,000	775,000
RSGB	64,035	74,000	74,000	62,000	62,000
Other Pubs/Product Sales	4,591	-	-	-	-
Membership Supplies	544,122	300,000	285,000	260,000	275,000
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	3,374,443	3,234,000	3,047,000	3,147,000	3,137,000
Apparel Commissions	4,003	3,000	4,000	3,000	3,000
e-Book Royalties	-	-		90,000	100,000
Other Products: Publishing Rights	7,186	9,000	21,000	9,000	9,000
On-line Courses	11,119	16,000	16,000	15,000	16,000
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	22,308	28,000	41,000	117,000	128,000
Postage/Handling Fees	387,484	414,000	391,000	411,000	410,000
Sales Returns and Allow.	(36,042)	(32,000)	(25,000)	(36,000)	(36,000)
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<b>TOTAL PUBLICATION &amp; PRODUCT SALES</b>	<b>3,748,193</b>	<b>3,644,000</b>	<b>3,454,000</b>	<b>3,639,000</b>	<b>3,638,000</b>

<b>American Radio Relay League</b>					
<b>Detailed Income Statement</b>					
<b>2016 Plan</b>					
	<b>2014</b>	<b>2015</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<b>Actual</b>	<b>Plan</b>	<b>Plan</b>	<b>Plan</b>	<b>Plan</b>
			<b>(Reforecast)</b>		
<b>ADVERTISING:</b>					
QST	2,224,400	2,143,000	2,128,000	2,059,000	2,089,000
QST Specialty	66,503	60,000	55,000	55,000	55,000
Electronic Advertising	46,594	42,000	42,000	44,000	45,000
Ham Ads	8,146	8,000	8,000	8,000	9,000
QEX	11,094	11,000	11,000	12,000	12,000
NCJ	18,592	12,000	13,000	18,000	18,000
WEB Banners	60,237	60,000	60,000	64,000	65,000
LoTW Banner Ads	-	18,000	-	22,000	24,000
Special Program Banner Ads	-	-	-	15,000	-
All Other Advertising	100,868	99,000	97,000	96,000	97,000
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<b>TOTAL ADVERTISING</b>	<b>2,536,434</b>	<b>2,453,000</b>	<b>2,414,000</b>	<b>2,393,000</b>	<b>2,415,000</b>
<b>REVENUES:</b>					
<b>MEMBERSHIP DUES AND SUBSCRIPTIONS</b>					
Term Membership Dues	\$ 5,405,172	\$ 5,507,000	\$ 5,431,000	\$ 6,070,000	\$ 6,424,000
Life Membership Dues	509,902	511,000	511,000	511,000	511,000
QST: Dealer	15,384	16,000	15,000	16,000	16,000
QEX Subscriptions	160,302	144,000	144,000	156,000	154,000
NCJ Subscriptions	47,750	45,000	45,000	48,000	48,000
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<b>TOTAL DUES &amp; SUBSCRIPTIONS</b>	<b>6,138,510</b>	<b>6,223,000</b>	<b>6,146,000</b>	<b>6,800,000</b>	<b>7,153,000</b>



<b>American Radio Relay League</b>					
<b>Detailed Income Statement</b>					
<b>2016 Plan</b>					
	<b>2014</b>	<b>2015</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<b>Actual</b>	<b>Plan</b>	<b>Plan</b>	<b>Plan</b>	<b>Plan</b>
			<b>(Reforecast)</b>		
<b>PROGRAMS &amp; SERVICE FEES</b>					
QSL Bureau Service	47,984	57,000	57,000	53,000	55,000
DXCC Fees and Receipts	503,061	546,000	546,000	571,000	572,000
Centennial DXCC Fees and Receipts	-	454,000	136,000	3,000	-
National Parks On the Air	-	-	-	11,000	97,000
CQ Revenue	26,457	23,000	30,000	25,000	26,000
Contest Fees	19,536	24,000	24,000	20,000	21,000
Lab Fees	500	1,000	1,000	1,000	1,000
Volunteer Exam Fees	479,149	434,000	434,000	444,000	434,000
VEC Certificate Fees	2,118	-	-		
IARP Fees	2,893	2,000	2,000	2,000	2,000
Vanity Renewal Fees	12,180	11,000	3,000	-	-
Non-Member FCC changes	1,294	2,000	2,000	2,000	2,000
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<b>TOTAL FEES</b>	<b>1,095,172</b>	<b>1,554,000</b>	<b>1,235,000</b>	<b>1,131,000</b>	<b>1,209,000</b>

<b>American Radio Relay League</b>					
<b>Detailed Income Statement</b>					
<b>2016 Plan</b>					
	<b>2014</b>	<b>2015</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<b>Actual</b>	<b>Plan</b>	<b>Plan</b>	<b>Plan</b>	<b>Plan</b>
			<b>(Reforecast)</b>		
<b>INVESTMENT INCOME</b>					
Interest/Dividend Income	217,066	276,000	179,000	182,000	183,000
Gain/(Loss) from Sale of Investments	274,557	-	-	-	-
	-----	-----	-----	-----	-----
<b>TOTAL INVESTMENT INCOME</b>	<b>491,623</b>	<b>276,000</b>	<b>179,000</b>	<b>182,000</b>	<b>183,000</b>
<b>CONTRIBUTIONS &amp; SUPPORT</b>					
Contributions - Unrestricted	\$ 87,590	\$ 112,000	\$ 112,000	\$ 118,000	\$ 178,000
Contributions - Diamond Club	336,838	325,000	335,000	335,000	335,000
Contributions - Member Loyalty	546	-	-	-	-
Contributions - Restricted	658,345	698,000	661,000	597,000	577,000
	-----	-----	-----	-----	-----
<b>TOTAL CONTRIBUTIONS &amp; SUPPORT</b>	<b>1,083,319</b>	<b>1,135,000</b>	<b>1,108,000</b>	<b>1,049,000</b>	<b>1,090,000</b>
<b>TOTAL 2014 NATIONAL CONVENTION</b>	<b>230,965</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>OTHER REVENUES</b>					
Royalties	16,407	9,000	9,000	5,000	5,000
Affinity Credit Card	44,399	42,000	42,000	47,000	47,000
Insurance Commission	11,343	14,000	14,000	15,000	15,000
Affinity Insurance Royalty	10,418	7,000	7,000	9,000	10,000
Misc. Other Income	64,867	58,000	58,000	61,000	61,000
	-----	-----	-----	-----	-----
<b>TOTAL OTHER REVENUES</b>	<b>147,434</b>	<b>130,000</b>	<b>130,000</b>	<b>137,000</b>	<b>138,000</b>
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<b>American Radio Relay League</b>					
<b>Detailed Income Statement</b>					
<b>2016 Plan</b>					
	<b>2014</b>	<b>2015</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<b>Actual</b>	<b>Plan</b>	<b>Plan</b>	<b>Plan</b>	<b>Plan</b>
			<b>(Reforecast)</b>		
<b>DIRECT COSTS:</b>					
<b>DIRECT COSTS OF PUBLICATIONS &amp; PRODUCTS:</b>					
ARRL Handbook	\$ 118,325	\$ 128,000	\$ 122,000	\$ 111,000	\$ 114,000
Repeater Directory	58,796	62,000	63,000	96,000	82,000
Ham Radio License Manual	95,942	72,000	61,000	93,000	96,000
Training Aids	50,188	72,000	64,000	107,000	100,000
Non-ARRL Publications	111,960	123,000	116,000	110,000	111,000
Royalty Items	131,686	101,000	85,000	79,000	84,000
Other Books	166,600	206,000	163,000	132,000	125,000
RSGB	46,651	53,000	56,000	41,000	41,000
Other Pubs/Product COGS	4,663	-	-	-	-
Membership Supplies	332,798	126,000	128,000	112,000	118,000
On-line Course Expense	3,114	4,000	4,000	4,000	4,000
e-Book Expenses	1,394	-	-	-	-
Publications Forwarding Expense	557,588	573,000	578,000	567,000	565,000
Advertising/Promotion Expense	3,175	3,000	3,000	3,000	3,000
In-House Pub Use	112,205	105,000	105,000	115,000	111,000
Obsolete Inventory	18,537	24,000	24,000	24,000	24,000
	-----	-----	-----	-----	-----
<b>TOTAL DIRECT PUBLICATION &amp; PRODUCT SALES</b>	<b>1,813,622</b>	<b>1,652,000</b>	<b>1,572,000</b>	<b>1,598,000</b>	<b>1,585,000</b>

<b>American Radio Relay League</b>					
<b>Detailed Income Statement</b>					
<b>2016 Plan</b>					
	<b>2014</b>	<b>2015</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<b>Actual</b>	<b>Plan</b>	<b>Plan</b>	<b>Plan</b>	<b>Plan</b>
			<b>(Reforecast)</b>		
<b>DIRECT COSTS OF MEMBERSHIPS AND SUBSCRIPTIONS:</b>					
QST Publication Expense	\$ 1,060,679	\$ 1,094,000	\$ 1,024,000	\$ 995,000	\$ 1,028,000
QST Insertion Costs	18,968	24,000	24,000	26,000	27,000
QST Forwarding Expense	907,166	897,000	897,000	871,000	897,000
QST Electronic Production Exp.	30,998	31,000	31,000	36,000	37,000
QEX Publication Expense	50,213	36,000	29,000	41,000	42,000
QEX Forwarding Expense	34,036	31,000	31,000	30,000	31,000
NCJ Publication Expense	32,043	31,000	31,000	25,000	26,000
NCJ Forwarding Expense	18,500	17,000	17,000	17,000	17,000
	-----	-----	-----	-----	-----
<b>TOTAL DIRECT MEMBERSHIP &amp; SUBSCRIPTION COSTS</b>	<b>2,152,603</b>	<b>2,161,000</b>	<b>2,084,000</b>	<b>2,040,000</b>	<b>2,106,000</b>
<b>DIRECT COSTS OF ADVERTISING:</b>					
Client On-line Services	-	-	-	-	-
	-----	-----	-----	-----	-----
<b>TOTAL DIRECT ADVERTISING COSTS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>American Radio Relay League</b>					
<b>Detailed Income Statement</b>					
<b>2016 Plan</b>					
	<b>2014</b>	<b>2015</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<b>Actual</b>	<b>Plan</b>	<b>Plan</b>	<b>Plan</b>	<b>Plan</b>
			<b>(Reforecast)</b>		
<b>HEADQUARTERS OPERATIONS:</b>					
Salaries Regular	\$ 5,527,140	\$ 5,645,000	\$ 5,594,000	\$ 5,675,000	\$ 5,942,000
Salaries Overtime	71,171	30,000	30,000	23,000	23,000
Commissions and Bonuses	19,550	15,000	6,000	15,000	15,000
Employee Recognition /Awards	8,139	8,000	8,000	8,000	9,000
Temporary Employees	703	0	0	0	0
Employee Benefits	1,533,342	1,567,000	1,512,000	1,578,000	1,683,000
Employee Relocation	0	0	0	0	0
Recruiting Advertising	1,140	0	0	7,000	2,000
Legal and Professional	134,664	114,000	123,000	114,000	117,000
Accounting/Audit Fees	31,600	40,000	40,000	40,000	41,000
Other Consultants	310,332	264,000	283,000	264,000	266,000
Education Grants	2,635	5,000	3,000	5,000	5,000
Promotional Materials	7,643	4,000	2,000	3,000	3,000
Donor Recognition	65,323	43,000	30,000	44,000	45,000
Office Supplies	87,308	73,000	73,000	71,000	72,000
Stationery/Printing/Forms	386,623	449,000	422,000	332,000	336,000
Exhibit Expense	157,605	53,000	53,000	59,000	45,000
Banquet Expense	96,921	0	0	0	0
Expensed Equipment/Furniture	39,932	29,000	26,000	30,000	29,000
Computer Supplies	26,952	27,000	27,000	24,000	25,000
Purchased Software Packages	12,938	9,000	9,000	10,000	10,000
Telephone	42,790	28,000	28,000	27,000	27,000
Internet/ISP/Electronic Mail	28,274	30,000	30,000	31,000	31,000
ARRL.net	19,222	39,000	39,000	37,000	38,000
Postage	722,878	781,000	735,000	711,000	729,000
Dues and Subscriptions	42,956	43,000	43,000	62,000	63,000
IARU Dues	51,160	51,000	51,000	52,000	52,000
Business Travel	186,430	117,000	115,000	155,000	163,000
Overseas Travel	169,635	212,000	199,000	146,000	161,000
Member Contact Travel	37,519	39,000	39,000	40,000	42,000
Program Travel	37,816	67,000	64,000	51,000	51,000

<b>American Radio Relay League</b>					
<b>Detailed Income Statement</b>					
<b>2016 Plan</b>					
	<b>2014</b>	<b>2015</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<b>Actual</b>	<b>Plan</b>	<b>Plan</b>	<b>Plan</b>	<b>Plan</b>
			<b>(Reforecast)</b>		
Utilities	\$ 121,234	\$ 127,000	\$ 127,000	\$ 124,000	\$ 127,000
Insurance	108,563	112,000	112,000	116,000	119,000
Property Taxes	118,313	122,000	122,000	131,000	136,000
Building Maintenance	138,264	132,000	132,000	127,000	132,000
Computer Maintenance	31,739	39,000	39,000	32,000	33,000
Maintenance of Equipment	56,959	57,000	62,000	65,000	66,000
Rent/Leased - Equipment	207,062	69,000	69,000	56,000	57,000
Rent/Leased - Storage	52,482	51,000	51,000	51,000	51,000
Rent/Leased - Office Space	26,868	16,000	16,000	-	-
Vehicle Expenses	4,026	2,000	2,000	2,000	2,000
Overseas QSL Service	35,225	28,000	28,000	33,000	34,000
Awards Expense	108,030	237,000	145,000	74,000	92,000
CQ Expense	8,003	7,000	9,000	8,000	8,000
W1AW Station Expense	3,640	4,000	4,000	4,000	4,000
Product Review Expense	13,744	6,000	13,000	11,000	11,000
Lab Expense	8,797	6,000	6,000	8,000	8,000
Payroll Processing	10,980	10,000	12,000	12,000	12,000
Bank Service Charges	25,766	26,000	26,000	22,000	26,000
Credit Card Fees	220,019	226,000	241,000	244,000	247,000
Credit and Collections	-	1,000	1,000	1,000	1,000
Bad Debt Expense	(8,975)	9,000	43,000	9,000	9,000
Other Taxes and Permits	3,605	1,000	2,000	3,000	3,000
Depreciation and Amortization	242,357	276,000	276,000	256,000	254,000
Miscellaneous	8,961	1,000	1,000	1,000	1,000
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<b>TOTAL HEADQUARTERS OPERATIONAL</b>	<b>11,406,003</b>	<b>11,347,000</b>	<b>11,123,000</b>	<b>11,000,000</b>	<b>11,456,000</b>

<b>American Radio Relay League</b>					
<b>Detailed Income Statement</b>					
<b>2016 Plan</b>					
	<b>2014</b>	<b>2015</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<b>Actual</b>	<b>Plan</b>	<b>Plan</b>	<b>Plan</b>	<b>Plan</b>
			<b>(Reforecast)</b>		
<b>BOARD of DIRECTORS, OFFICERS &amp; COMMITTEES:</b>					
Divisions	\$ 109,187	\$ 114,000	\$ 114,000	\$ 116,000	\$ 116,000
President and Officers	21,117	35,000	35,000	35,000	35,000
BOD Meetings	125,610	112,000	112,000	120,000	120,000
Committees	87,891	75,000	75,000	75,000	75,000
	-----	-----	-----	-----	-----
	343,805	336,000	336,000	346,000	346,000
Section Level Administrative Exp.	108,402	126,000	126,000	122,000	122,000
	-----	-----	-----	-----	-----
<b>TOTAL BOARD of DIRECTORS, OFFICERS &amp; COMMITTEES:</b>	<b>452,207</b>	<b>462,000</b>	<b>462,000</b>	<b>468,000</b>	<b>468,000</b>

**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 processing, 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 2016.

## 3. Products and Services

### A. Membership Retention and Recruitment

We predict that by yearend 2015, ARRL will have 167,727 members; a growth rate of 1.25% for the year. The most significant factors contributing to membership growth have included acquisition from new licensees, and excellent response rates to targeted membership appeals conducted by mail and email. This, coupled with a well-executed renewal and retention strategy, has contributed to membership growth each year since 2007.

The 2016 membership forecast is based on a dues increase of \$10 to the annual domestic membership rate; from \$39 to \$49, effective January 1, 2016. While membership has been growing since 2007, we know from past experience that a few years of net membership losses have followed a dues increase. The last dues increase was 14 years ago—during which membership declined over 6 years; a net loss of 15,465 members. We predict a 4.0% net loss of members from January to December; a net loss of 6,710 members by yearend 2016. For the purposes of this planning, we have assumed that the majority of our membership losses will occur among renewals rather than new member acquisition.

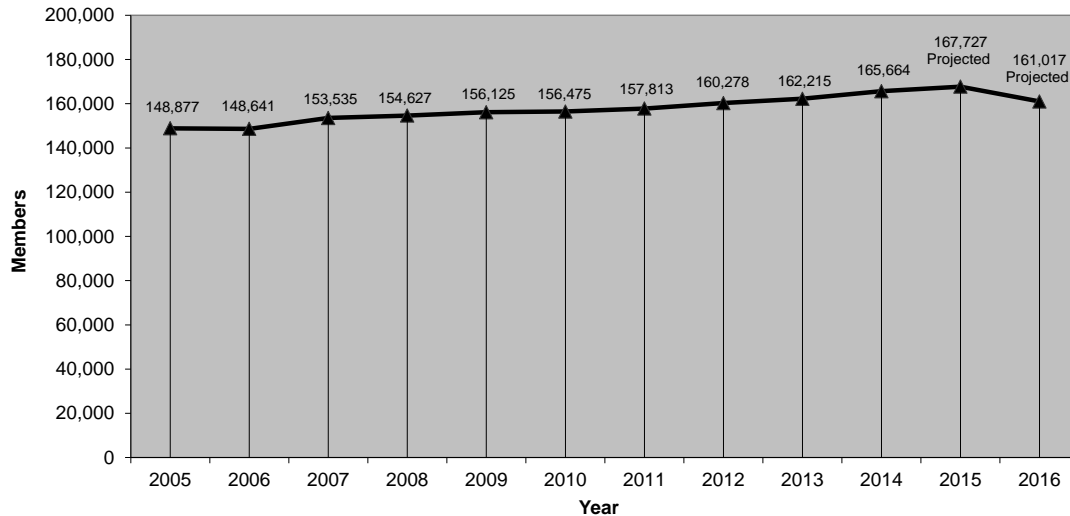
Summary

**2016 Membership Forecast**

<b>Year-end 2015</b>	<b>167,727</b>
<b>(projected)</b>	
Projected loss	(35,108)
Projected acquisition	28,398
<b>Year-end 2016</b>	<b><u>161,017</u></b>

<b>Year</b>	<b>% growth</b>
2012	1.56%
2013	1.21%
2014	2.13%
2015 (estimate)	1.25%
2016 (estimate)	-4.0% (dues increase)

**ARRL Membership 2005-2016  
(2015 and 2016 projected)**



*Strategies*

A dues increase will likely cull some of our membership roll—particularly those members ‘on the fence’ for who a dues increase will be a quick reason to not renew. However, we feel better poised than ever to apply our mature direct marketing strategies to lessen the short term impact of a dues increase on membership growth:

- We will strive to improve membership acquisition and retention rates by further refining membership appeals, and segmenting prospective members: new licensees, upgrade

licensees, lapsed members, renewing members, operating interest(s), transaction history (for instance, publication purchasers), etc.

- We will exploit popular membership benefits and programs, including the digital *QST* benefit and current advocacy efforts, to prospective members and to re-interest lapsed members.
- We will exploit the ARRL website as a source of prospective members.

#### *Assumptions and Risks*

- Membership growth is contingent upon a regular and sustaining source of new licensees.
- The membership loss, associated with the dues increase, could be greater than forecasted.
- Expenses: Inflationary

#### Direct Mail

In 2016, we will continue to test various messages, materials and methods before conducting large-scale campaigns--honing appeals, offers, formats, personalization and segmented (targeted) messaging. Major campaigns targeting lapsed and “never” members include:

- 8 mailings of 40,000 each (January, February, March, April, May, October, November & December).
- 1 mailing of 20,000 in September

#### Website and Email

The ARRL website and our databases of email addresses are regular sources of our membership prospecting. We will continue to refine the messages and incentives, as well as improve the look of e-mails sent to targeted groups of lapsed members, prospective hams, and online guest users. Membership appeals are segmented, targeting prospective members based on interests, license class and geographic location.

As we have increased the number of members we can reach via email, we have demonstrated effective re-acquisition strategies that have relied entirely on email campaigns during the summer months when direct mail responses are poor.

We will continue to refine the messages and incentives, as well as improve the look of e-mails sent to targeted groups of lapsed members, online guests, prospective hams and users of the ARRL Exam Review for Ham Radio™ software.

We continue to work with program managers throughout the organization to identify data containing prospective members. The data is used to solicit members from smaller groups of those actively involved in ARRL but who are not members – contesters, LoTW users, public service volunteers, volunteer examiners, etc.

#### New Ham and Upgrade Mailings

Radio amateurs who have earned new or recently-upgraded licenses are a strong source of ongoing membership prospecting. In 2016, we will continue to test and refine mailings to these groups.

#### Retention Activities

All printed renewal notices, membership collateral and the website are already in the process of being updated to reflect the 2016 dues increase. An interdepartmental staff group has carefully honed our messaging to help minimize the loss of members.

A few special initiatives were implemented in 2015 with a goal of improving the retention rate of first-time members. Data from these efforts will begin to be available mid-2016. These efforts included:

1. Mailing a letter once a month to first-time members for whom we do not have an e-mail address. We encouraged them to provide us with their e-mail address so we can better engage with them throughout the year (members-only discounts, e-newsletters, etc.). An added benefit for us is that we will be better able to communicate with them when their membership lapses (reducing re-acquisition costs).
2. Sending a welcome e-mail to a portion of first-time members that provides links to local contact information (Director, Section Manager, radio clubs, and events), outlines membership benefits, and offers a special coupon code for publications.
3. Sending an e-mail to first-time Technician licensees encouraging them to “get involved” through local radio clubs and events, signing up for e-newsletters, and volunteer opportunities. Information included highlights the most relevant benefits of ARRL membership, including *QST*, Technical Information Service, publication recommendations, and universal benefits in the areas of advocacy and public service.

#### Field Recruitment

We have a collection of high quality collateral and display items to support volunteers and staff involved with field-based membership recruitment and promoting Amateur Radio. We will continue to develop and/or redesign new materials as needed and requested. These items are regularly requested by Directors, Vice Directors, Section Managers, radio club officials, members and staff. Materials have also been developed for, and are being used by, ARRL VE teams and the Teachers Institutes.

#### Exhibits

In 2016, an ARRL National Convention will be hosted by Orlando HamCation®. We will also support an organizational presence at the annual Dayton Hamvention®. The centerpiece of our participation at these events is ARRL EXPO, a showcase of ARRL exhibits, activities and program representatives.

2016 ARRL National Convention at Orlando Hamcation®—February 12-14, 2016

- ~8 exhibits; major exhibits include sales/membership, award card checking (DXCC, etc.), development, public service, and education
- 16 personnel, including staff officers
- 15 Officers and Directors (estimate based on previous events)

- 50-60 volunteers
- Speakers and presenters (as part of the HamCation forums slate)
- National Convention Banquet, Saturday, February 13, 2016.

Dayton Hamvention®—Dayton, Ohio, May 20-22, 2016

- ~20 exhibits; major exhibits include sales/membership, award card checking (DXCC, etc.), public service, education, ARRL Lab
- 23 personnel, plus staff officers and General Counsel
- 120 volunteers
- Speakers/Presenters (as part of the Hamvention forum slate)

Hamvention	Membership Applications	Product Sales
2015	1,084	\$55,000
2014	1,154	\$59,100
2013	1,203	\$60,240
2012	1,175	\$66,000

In addition to these national events, we will organize smaller exhibits (usually a double-wide booth) to promote ARRL membership at the following events. These are among the largest Amateur Radio conventions held annually. One staff person will be assigned to the booth as a membership representative:

- SEA-PAC—Seaside, Oregon, June 3-5, 2016
- HAM-COM—Irving, Texas, June 10-11, 2016
- International Exhibition for Radio Amateurs—Germany, June 24-26, 2016
  - Includes exhibit space to promote/serve DXCC and the IARU
- Huntsville Hamfest—Huntsville, Alabama, August 20-21, 2016
- Boxboro—Boxborough, Massachusetts, August 26-28, 2016
- Pacificon—Santa Clara, California, October 2016

Affinity Benefit Programs

We will support the existing suite of affinity benefit programs:

- ARRL Visa Signature Card (US Bank); we earned \$50,275.63 for the 12 months ending June 30, 2015.

- Home & Auto Insurance Program. In February 2015, we introduced Liberty Mutual Insurance as our new benefit provider for home and auto insurance. In the past this membership benefit was provided by MetLife. Under the affinity arrangement, a portion of each premium comes back to ARRL. The new program has been promoted with emailings to members, ARRL News postings, and attention on the website including a dedicated landing page; <http://www.arrl.org/liberty-mutual-insurance>. For its part, Liberty Mutual conducts direct-to-member mailings—usually timed with insurance renewal dates.
- ARRL Equipment Insurance Program
- AmazonSmile. Since 2014, members shopping with Amazon are invited to shop at [smile.amazon.com](http://smile.amazon.com) and choose American Radio Relay League Inc. (ARRL) as their charity of choice. With every purchase made at AmazonSmile, Amazon makes a contribution to ARRL. The program has made it possible for members to extend additional support to ARRL through ordinary purchases with Amazon. The program is promoted periodically throughout our news and marketing outlets.

Efforts to investigate and implement new benefits for our members are ongoing. We are currently considering a loyalty program whereby ARRL members could receive discounts on purchases made through certain local and national retailers and restaurants.

#### ARRL Tour and Visitors Program

We continue to enjoy the support of 30+ volunteers as part of the HQ volunteer “Tour Guides” program. Sustaining this program and volunteers requires:

- Recruiting new volunteers as needed
- ongoing training, including training of new tour guides as necessary
- recognition events for the volunteers

## B. Publication and Product Sales

The 2016 publication and product sales forecast is \$3,241,274.

### Publication and Product Sales Forecast and History

2016 forecast	\$3,241,274
2015 forecast	\$3,238,369
2014 actual*	\$3,193,056

In 2014 (most recent year of complete sales history), sales to dealers and wholesalers were 41% of total sales. Direct sales to members and other individual customers were 59%.

<b>Publication and Product Sales Forecast by Category – 2016</b>			
	2016 Plan	2015 Plan	2014 Actual
CLASS 01 HANDBOOK SALES	\$462,265	\$473,529	\$462,238
CLASS 02 REPEATER DIRECTORY	\$162,720	\$184,999	\$182,819
CLASS 03 BEGINNER TRAINING AIDS	\$529,653	\$478,500	\$569,252
CLASS 04 TRAINING AIDS	\$452,645	\$434,405	\$360,753
CLASS 05 OTHER BOOKS	\$820,495	\$899,313	\$822,622
CLASS 07 NON-ARRL PUB SALES	\$163,514	\$182,957	\$168,416
CLASS 08 RSGB	\$61,893	\$74,434	\$64,035
CLASS 12 OTHER BOOKS- ROYALTY	\$234,259	\$206,369	\$195,595
CLASS 32 MEMBERSHIP SUPPLIES	\$260,000	\$300,163	\$363,617*
CLASS 33 EDUCATION	\$3,830	\$3,700	\$3,709
e-Book Royalties	\$90,000		
<b>PUBLICATION &amp; PRODUCT TOTALS:</b>	<b>\$3,241,274</b>	<b>\$3,238,369</b>	<b>\$3,193,056</b>

\* Excludes \$180,505 for the high cost-of-goods associated with sales of Vibroplex keys in 2014

### *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.

### Kindle e-Books

In 2015, we accelerated efforts to increase the number of our titles available as digital editions in the Kindle format—Amazon’s proprietary e-book platform. There are currently 15 ARRL titles in Amazon’s Kindle marketplace, introduced since late 2014. We have forecasted \$90,000 in royalties for Kindle e-Books in 2016. We expect to add a dozen more titles during the year.

### Business Development

A concerted effort will be made in 2016 on business development, with a focus on generating new revenue using our existing publishing, marketing and fulfillment infrastructure. The effort will be interdepartmental, involving collaboration across the Marketing, Business Services and Publications Departments. Some initial areas of exploration will include:

- New periodicals
- Digital publications
- Expansion of our offerings of third-party publications, kits and other products
- Collaborative publishing ventures with partners who serve similar interest groups (electronics hobbyists, public service volunteers, etc.)
- Increase publication sales to wholesalers and resellers

### Multi-Channel Product Marketing

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

- Online ecommerce (ARRL e-store)
- Email solicitations and “new product” bulletins
- Annual Member birthday postcard with online publications discount
- 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)

### *Assumptions and Risks*

- 1) When a new license manual is introduced, it generates a surge of interest from individuals purchasing study materials for the new exam, and from dealers and wholesalers seeking to be re-stocked with new editions. In 2016, a new Extra class question pool will be introduced. New editions of Extra class license study materials will be published in the spring, including *The ARRL Extra Class License Manual* (softcover and spiral bound editions) and *ARRL’s Extra Q & A*. ARRL’s Exam Review program, introduced in 2014, will be promoted as an online companion resource.
- 2) New editions of two flagship publications will be introduced in October 2016: The 2017 edition *Handbook* and the 11th edition *Operating Manual* (the last edition was published in 2012). The books will be introduced together, alongside the *Antenna Book* (2015 edition)—with promotions treating the three books as companion resources.
- 3) Book delays add some uncertainty to sales forecasting. The forecast also assumes new titles will help drive interest for older titles (our long tail).



- 4) 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.
- 5) Should reading preferences shift in an accelerated way toward digital publishing, and away from print, the cost-profit model may change significantly.

### Other Marketing Activities

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

- Custom awards, specialty products and apparel
- ARRL National Parks On The Air product line
- ARRL Field Day product line
- Apparel and supplies for public service volunteers and ARRL Volunteer Examiners
- ARRL Periodicals: *NCJ* and *QEX*
- Other commission, royalty and licensing agreements

### **C. Fulfillment and Warehouse**

The Fulfillment and Warehouse branches support membership application processing, circulation (*QST*, *NCJ* and *QEX*), publication sales (over 49,000 orders annually), 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). The fulfillment team also provides “help desk” support for the digital edition of *QST* and ARRL website user accounts. The Circulation Manager administers monthly notification of the digital edition of *QST*.

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

### *Strategies*

QST Circulation: *QST* is fulfilled to the majority of domestic members via a “Co-mail” strategy. Co-mailing leverages postal discounts and decreases the touch points required by the United States Postal Service. Because handling is reduced, members received *QST* in better condition and with improved predictability. *QST* is included in the largest co-mail platform available, ensuring the greatest postage savings possible and improved delivery.

For 2016, we have reduced mailing expenses for *QST* by an assumption for membership loss associated with the dues increase.

Technology: In 2016, we anticipate an undertaking to plan and program a new online membership commerce system. Attention for this programming is overdue. This effort will be coupled with a new online membership application and auto-renewal feature, permitting members to opt-in to automatically renew their membership and manage a payment preference (for instance, auto-debiting a credit card or debit account). An auto-renewal feature will ultimately reduce the costs associated with mailing renewal notices.

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, using metrics from the telephone reporting application for planning). 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, member-centric fulfillment strategies. In 2016, cost savings will remain 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.

The 2016 Fulfillment plan includes an assumption for increasing postage costs.

#### *Assumptions and Risks*

- 1) Unpredictable introduction of a postal rate hike. Other expenses: inflationary.
- 2) Re-prioritization of IT projects may delay improvements to the membership commerce system.

#### **4. Capital Investment Requirements**

none

# 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, electronic newsletters 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. Staffing Changes

We do not anticipate adding new staff in 2016. Rick Lindquist will continue to serve as our freelance news editor and Barry Shackelford and Kai Siwiak will continue as freelance *QST* technical editors. Mark Wilson will continue in his capacity as freelance book editor.

## 3. Products and Services

The publication department produces these periodicals and e-letters:

- A. *QST* magazine (print)
- B. *QST* magazine (digital) – will include the Android and iOS apps
- C. *QEX* magazine
- D. *NCJ* magazine
- E. E-Letters: ARRL Letter, Contest Update, ARES E-Letter

New book and CD titles for 2016, including new editions of existing titles: New Titles are in **bold type**:

<i>Title</i>	<i>Author</i>	<i>To Press</i>
<b><i>Work the World with JT65 and JT9</i></b>	Steve Ford	12/15/2015
<i>2015 Periodicals DVD</i>	Shelly Bloom	12/15/2015
<b><i>FCC Rule Book</i></b>	Dan Henderson	1/15/2016
<b><i>Antenna Physics</i></b>	Bob Zavrel	1/15/2016
<i>Small Antennas – 2<sup>nd</sup> Edition</i>	Steve Ford	1/15/2016
<i>Storm Spotting – 2<sup>nd</sup> Edition</i>	Mike Corey	2/1/2016

<i>Repeater Directory</i>	Steve Ford	2/15/2016
<i>Mesh Networks for Amateur Radio</i>	Glen Popiel	3/1/2016
<i>Extra Class License Manual</i>	Ward Silver	4/1/2015
<i>Extra Q&amp;A</i>	Ward Silver	4/1/2016
<i>TravelPlus CD-ROM</i>	Al Ambrose	4/1/2016
<i>TravelPlus Mobile GPS</i>	Al Ambrose	4/1/2016
<i>2017 Handbook</i>	Various	8/1/2016
<i>2017 Calendar</i>	Steve Ford	9/1/2016
<i>Operating Manual – 11<sup>th</sup> edition</i>	Ward Silver	9/1/2016

In addition, we will be developing a new database to support the *ARRL Repeater Directory*. If the database is in place by the press deadline, the *Directory* will benefit from a new, easier-to-use format.

# **BUSINESS SERVICES**

## **Advertising Sales**

Advertising revenue has been decreasing and we believe that this trend will continue in 2016. There are a number of factors that contribute to this reduction.

Many of the “brick and mortar” Amateur Radio businesses are experiencing decreased business, winding down, or closing their doors. The owners of these businesses are getting older and, in many cases, no one wants to continue the business. Some of these businesses are owned by people who had already retired from a previous career and operate the business because of their passion for Amateur Radio. They often lack the capital and/or the desire to expand.

In addition, *QST*'s smaller retail advertisers are very vocal about the fact that they are being frozen out by the larger manufacturers in favor of the larger chain retailers. They claim this has cut their margins further and they are extremely bitter about it. This appears to be a national trend across many industries, not just Amateur Radio.

Over the past several years, major manufacturers have cut advertising co-op funds to their retailers, causing those retailers to downsize their ads. In addition, two of these major manufacturers significantly reduced their advertising page space. This combined loss of over seven pages per month, plus the loss of advertising in specialty publications has proved extremely difficult to recoup.

We are seeing more consolidation of distributors, with the best discounts going to the sellers with the most stores and the best infrastructures. The larger businesses with attractive and easy to use web sites can carry more products; provide more product details, and make price comparisons easier. There is little need to “shop local” for Amateur Radio equipment anymore. Because of these factors, businesses that used to advertise in *QST* have been sold and merged. These combined companies may not be advertising at all or they are combining multiple ads into one smaller ad.

Manufacturers can now sell directly to consumers using web technology that has enabled them to eliminate the “middle man.” Elecraft, SteppIR, and Flex Radio are examples of direct sales to consumers. While the amount of overall advertising is probably not affected much by direct sales, it hurts retailers since it limits their product lines.

## **Amateur Radio Products**

We do not envision many other major entrants in the Amateur Radio business in the near future, just more consolidation. We do anticipate many other small businesses based on, software, digital, and SDR technology. Amateur Radio is not an easy market in which to have a successful business because it is a relatively small market and amateurs are a demanding customer base who often require extensive support for complex Amateur Radio products.

The type, price and availability of rigs themselves are affecting the market. Many new Technician licensees are purchasing inexpensive Chinese HTs for Public Service communications. It's difficult for dealers to make money on these \$49, or less, HTs. These inexpensive HTs also reduce the sales of name brand HTs from Kenwood, Icom and Yaesu, further depressing sales for the retail dealers. While not a major impact, there is no standardization of digital protocols for VHF/UHF transceivers. Should a customer buy a D-Star, DMR, or System Fusion radio?

There are many reasons to purchase a new HF transceiver today, particularly since modern HF transceivers have significantly improved capabilities and features. However, we believe the perception in the marketplace is that the benefits of purchasing a new radio are merely incremental since many existing transceivers still work very well. In addition there may be no need to buy a new transceiver since radios such as Flex and Elecraft can be software upgraded in the field. Additionally, CC&R antenna restrictions have had a major impact on the sales of towers, antenna, and rigs.

### **Advertising Competition**

While today there is little to no competition for *QST*, advertisers have other effective media available. They can advertise on heavily trafficked web sites such as QRZ.com or on their own website. There are also high quality email marketing solutions available. There are also many sponsored web videos and podcasts. Our dominant position today could be eroded by death from a thousand cuts.

### **Current Status**

Our strategic advantage is that ARRL publications are high quality, trusted, accurate, timely, and fair. They are, by any measure, the best Amateur Radio publications in the world. Another advantage is that the ARRL has a high performance, customer centric, advertising sales and print advertising production department.

Presently, the ARRL email newsletters, The ARRL Letter, The Contest Update, and ARES E-Letter provide excellent content, but their look and feel is poor and they have limited advertising availabilities. Analytics for the newsletters are almost non-existent. We hope to remedy this shortly with an updated email design and analytics system.

There have been conflicts between ARRL organizational objectives and advertiser's objectives that have removed some advertisers from *QST*. Also, and we agree fully with this policy, *QST* advertisers must meet ARRL technical advertising standards to appear in *QST*.

The ARRL also publishes two additional periodicals, *NCJ* and *QEX*. Both are highly specialized but have limited circulation. Their advertisers are, in most cases, the same as *QST*'s advertisers. It is unlikely that we will experience any additional advertising revenue from these publications in their current form.

ARRL website advertising is doing well but it is sold out. It would be difficult to raise the rates and stay competitive with other Amateur Radio websites. Part of the problem is that our clients do not understand digital advertising. They simply do not value digital advertising as much as print advertising. We also do not employ the latest digital advertising technology such as multimedia and animated advertising. We also cannot sell anything “in-app.” Our analytics for digital *QST* are excellent, but the analytics are weak for our website.

### **Future Strategies**

There are some strategies that we are employing and that we can employ to reduce advertising losses and increase advertising revenue. These include:

- Continue our ongoing learning about advertising in digital formats\*
- Educate our advertisers about digital advertising \*
- Fix the look, feel and advertising availability of our email newsletters. \*
- Provide more prominence for existing *QST* advertisers on our website. \*
- Create additional ad space on our website including the Logbook of the World pages.
- Upgrade our advertising on-line technology
- Develop policies that encourage startups and entrepreneurial Amateur Radio businesses.
- Advertise products outside of Amateur Radio, particularly on the website.
- Create more compelling interactive and multimedia content on the web and in digital *QST* to improve click through and viewing rates.
- Increase the advertising for internal initiatives, promotions and products. We have proven that they can sell our own products and services very effectively. \*

\* = in progress or under consideration

### **Summary**

There is no magic strategy that will significantly increase our advertising revenue in the near future. During the last ten years, the advertising industry and the Amateur Radio industry have changed, mostly due to the use of the World Wide Web, e-commerce and digital publications. These publications are not simply replica editions of periodicals, but include everything from YouTube videos to podcasts.

The ARRL’s advertising business continues to adapt to these new technologies and business models, however, we believe that the old model of print advertising by multiple manufacturers and retailers will continue to shrink in the near future.

Nevertheless, the ARRL will continue to maintain its position as the most effective advertising vehicle for Amateur Radio products. The Business Services Department that handles advertising will continue to generate in excess of \$2 million per year of gross revenue and attain the highest operating margins in the organization. Our planned revenue for 2016 is \$2,355,577.

## **Wholesale Book Sales**

Once again in 2015, Amazon.com remains our largest wholesale customer. As of this writing, they comprise approximately 1/2 of all wholesale transactions. From January 2015 through August 31, 2015 their sales totaled \$399,997, primarily from the purchase of licensing materials. In August of 2015, they broke their monthly sales record with us with \$92,000 in sales, contributing over 1/3 of all sales both wholesale and retail. However, since our year-to-date overall dealer sales are equal to that of 2014, it becomes clear that transfer business is taking place from our traditional market to Amazon.

There is no way to prevent this transfer and our only recourse is to continue to encourage our traditional dealer network to improve their sales methods. Many are reluctant to invest in improved sales websites and, frankly, are used to being “the only games in town” which is definitely no longer the case. Their landscape is changing.

We walk a fine line here as we want our traditional dealers to flourish. They are both our dealers and our advertisers and, in many cases they interact personally with their clients. However, including resisting change, they face numerous other obstacles. They continue to view ARRL as their competition, which we have become. They are now also losing sales to Amazon.com. On the plus side, despite the numerous rules and regulations imposed by Amazon that we must follow, we negotiated very ARRL favorable terms and, of course, no returns. And their purchases continue to increase.

## **Summary**

Our plans for 2016 are to continue to counsel our dealers, provide support and input to their sales techniques and web site presences. Because despite the many challenges they face, the margins on our publications rival much of the equipment they sell.

We are also working on an expanded dealer/advertiser presence on our website, and will encourage our customers to add a short paragraph about their businesses as well as listing their company name, website and contact information.

## **Staffing**

No staffing changes are planned for 2016.



# DEVELOPMENT

## Annual Giving – The Diamond Club

The 2016 Diamond Club goal is \$320,000 in unrestricted giving and 2,750 Diamond Club members. The Diamond Club has the greatest capacity to provide revenue for ARRL. The fact that this revenue is unrestricted and can be used for wherever gaps or special financial needs appear is an important advantage to the organization. At the close of 2014, there were 2056 Diamond Club members; 414 are Life members and 1,642 are Term members. Diamond Club giving totaled \$392,510; \$55,673 was transferred to the Circulation Office to cover Term membership benefits, leaving a net of \$336,837.

As always, emphasis for current Diamond Club members is on retention and increasing annual giving. Diamond Club giving has increased steadily since its inception in 2002. The \$10 increase in membership dues will affect the Diamond Club in two ways: 1) the basic level for Term members will now be \$85, and 2) since the other levels will remain at the \$250, \$500, and \$1,000 thresholds, the portion transferred to the Circulation Office to cover additional costs for Term members will slightly reduce net revenue.

The promotional buck slip included in U.S. Term member renewal letters will be revised to offer a new gift to encourage up-grades. Nearly 400 new members joined in 2014.

As always, The Diamond Terrace remains a very popular benefit for members at the Brass level or higher. 197 engraved bricks were placed in 2014, and another 211 to date in 2015. Since the inception of the Terrace, 1833 bricks have been laid.

## The ARRL Maxim Society

The ARRL Maxim Society honors ARRL donors whose life time contributions to ARRL reach \$10,000. We currently have 180 members in this distinguished group; 9 have been welcomed to date in 2015.

Becoming a Maxim Society member is an objective for many of our donors. As this group continues to grow, Development is mindful of offering meaning benefits while being cost-efficient. Certainly many members continue to contribute to ARRL, and donor stewardship is our best tool.

In 2014, Maxim Society members had their own page in the Annual Report (prior to the 2013 Annual Report, Maxim members had been listed collectively with donors of \$1,000 or more). This past year, the list was further detailed by listing names alphabetically by levels, giving prominence to our most generous donors.

## The Legacy Circle

Members of this distinguished group are acknowledged for their forethought in providing for the ARRL in their estate plans. Donors who provide us with information about planned gifts allow the ARRL to acknowledge their generosity, and to use their story to encourage others to follow their examples.

Development will continue to look for ways to promote planned giving; in 2016, buck slips will be included with membership cards (replacing a buck slip promoting the Vehicle Donation Program), as well as on the website, or other means. Given the demographics of ARRL members, this could be a significant part of revenue in the future.

## Other Unrestricted Giving and the Combined Federal Campaign (CFC)

Development will file the annual application with the Federal government in January of 2016 to once again request participation in the Combined Federal Campaign. The CFC runs concurrently with the United Way Community Campaign, accepting pledges from Federal employees in the fall which are paid out via payroll deductions throughout the following year. Pledges for the 2014 CFC were \$45088.34. To date, \$38,724.01 has been received from CFC; more will be forthcoming in the next few months as pledges from the 2014 campaign are fulfilled.

ARRL's application to participate in the 2015 CFC was denied. A new requirement implemented by the Office of Personnel Management states that for each example listed in Attachment A (demonstrating that ARRL has had a presence in at least 15 U.S. states over the past three years) must also report the number of direct beneficiaries. This type of data is not easily obtained in disasters where ARES volunteers assist. The appeal and revised Attachment A included these numbers, provided in a small part by Section Managers but mainly through internet research.

Happily, OPM accepted the appeal, however, the letter came with a warning that there will be significant changes to the 2016 application process, including the deadline, and Attachment A examples will be carefully scrutinized.

## ARRL Funds - The Spectrum Defense Fund

Spectrum Defense Fund has struggled to meet its annual goal for some years now; the 2014 revenue was \$286,203 from nearly 2,800 donors. As always, Development plans personalized letters from K1ZZ, timely mailings to targeted groups of members, personalized email solicitations and e-blasts to yield the best results.

Following CEO Sumner's advice, Development redesigned the direct mail piece to reflect the look of a letter on ARRL letterhead. We continue to offer a mug, pin and certificate – the trend has been less requests for these items, however, the contributions from individuals who do ask for premiums continues to be significant. At this time, the design is in the second year of a five-year 'series.' A second direct mail solicitation is planned for late October.

Following the spring 2015 Defense mailing, there has been a significant increase in requests for the mugs. Further analysis is required, however, I believe this uptick is due in part to the items being promoted on a buck slip rather than simple noted on the backside of the letter.

Development has adjusted the 2016 Spectrum Defense goal to \$300,000 to be more in-line with actual donations over the past number of years

#### ARRL Funds – The Education & Technology Fund

Development hopes to raise \$65,000 to support this fund through a September direct mail campaign sent to nearly 60,000 members. Contributions from two Teachers Institute donors were lower than anticipated in 2014 and 2015. I have therefore reduced the Teachers Institute goal for 2016 to \$65,000 to be reflect their reduced support. The 2016 goal for the Education & Technology Fund remains at \$65,000.

#### ARRL Funds – W1AW Endowment Fund

A direct mail solicitation for the W1AW Endowment Fund was sent in early 2015. Contributions to date are more than \$68,000.

Development is not planning a direct mail solicitation for the W1AW Endowment Fund in 2016.

#### Other Development Activities

Development oversees the Loyalty program, which recognizes ARRL members who achieve 40-, 50-, 60-, 70- and 80-years of membership. These committed members receive a congratulatory letter from CEO Sumner, a certificate of appreciation and a commemorative pin. All members of 40 years or more are eligible to purchase (at cost plus shipping) a personalized plaque featuring a QST cover from their initial year of membership. 70- and 80-year members may request a plaque at no charge. In 2016, approximately 600 members will be recognized.

The annual donor reception in Dayton on the Thursday preceding Hamvention is a favorite tradition for our guests. This gathering brings together ARRL Board members and leadership donors, including Maxim Society and Legacy Society members, together with spouses. A change in management at the reception venue this past year also meant a change in caterer. Guests and Development staff were very pleased with the new menu and service. The guest speaker was ARRL Emergency Preparedness Manager Mike Corey, K11U. As always, individuals who achieved Maxim Society membership during the previous year were welcomed into the group. Development hopes that the new ARRL CEO will be guest speaker at the 2016 reception.

Development will continue to seek opportunities to increase giving and donor stewardship in 2016 that will improve and increase giving while being cost-effective:

- There are multiple opportunities to ‘piggyback’ (such as the buck slip included in membership renewal and membership card mailings).

- Sustained giving is another tool, requiring promotion and a dedicated amount of staff time, which can encourage increased giving.
- The Vehicle Donation Program was off to a good start, and will require continuous promotion.
- The Legislative Advocacy Fund has received sporadic contributions in 2015, and a recent e-blast generated modest returns. Development does plan a direct mail for the Advocacy Fund in early 2016.
- Memorial donations, unfortunately, are becoming more common. Development plans to develop a form, which can be posted as a pdf on Development's webpages, for families to download when contributions are directed to ARRL.
- The on-line news is an excellent venue to promote exceptional contributions, such as a new scholarship fund, sponsorship of a seat at a Teachers Institute, or even a work of art!
- Development staff has also developed a good working relation with Lab staff and the Historic Preservation volunteer to handle in-kind donations.
- While at the July Board Meeting, Director Woolweaver and Vice Director Stratton met with Development and suggested the implementation of a "round up" program – very common now at organization's physical or on-line shops. This suggestion does have merit, but requires research.
- Development staff will also do further analysis with John Proctor on pulling mailing lists. There is a sizable number of members who have been solicited by Development 10+, 20+, 30+, etc. but have never given. As Development continues to hone target groups for mailings, these groupings are substantial and seem not to be prone to giving. They may, however, be a good group to planned gifts.
- Development will continue to analyze donors to funds to determine the most lucrative mailing list.
- Development usually sends a hard copy of the Annual Report to major donors every year. This year, I sent the link the Annual Report pdf on the website to donors, and offered to send a hard copy upon request. The majority of major donors (Maxim, Legacy, annual cash donations of \$1,000 or more (including SCC donors) total nearly 400 (donors who fall into multiple categories are only counted once). Approximately 40 donors asked for actual copies to be mailed.
- First Diamond Club renewals are now sent electronically, to the extent we have donors' emails. This has been well received by members, with one exception.

# **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 2016 we will maintain current staffing levels.

As the Controller's Department moves into 2016 we will be expanding the use of ACH payments to vendors, as appropriate.

In addition, we will continue to look for ways to provide more efficiency and cost savings.

## **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 2016 we will maintain current staffing levels.

The mailroom will continue to review effective shipping alternatives for all departments as prices and needs change. The staff will also continue to help support the warehouse during peak processing times. In addition, the lease for the postage meters will be expiring in early 2016 and we will be reviewing the mailroom's needs to meet ARRL's goals to ensure we procure the proper equipment for our requirements.

# INFORMATION TECHNOLOGY

The IT Department went through some changes in 2015 with two significant staff departures. We lost LoTW Programmer Sean Wall and IT Systems Engineer Andrew Peichert during the year. While we were fortunate to have Dennis Budd, another one of our Development staff step up into the LoTW role vacated by Sean, there was a loss of some personnel time in the interim. We are still operating with a Development vacancy as we try and fill Dennis' old position. In a similar vein, we are close to making an offer to fill the Systems Engineer position. Despite these two losses we were able to complete a number of planned and unplanned projects while making progress on others.

Several projects were completed in 2015, both planned and unplanned, including:

- Deployed the Affiliated Club module in AIS;
- Completed final requirements gathering, coding, test and deployment of the fulfillment component of the Centennial QSO Party and W1AW WAS awards program;
- Created specifications/requirements, coded, tested and deployed the National Parks on the Air program;
- Upgraded of the MS Dynamics/Great Plains, our accounting and reporting package and modified the order fulfillment system to work with the new version of the accounting software;
- Reconfigured the ARRL computer infrastructure in response to recommendations from the vulnerability review. By the end of the year, we will have implemented all of the recommendations from the security assessment that was performed in the first half of the year;
- Completed specifications and design for the Education project (volunteer instructor feedback). Completion of the project was delayed until Q1 2016 as NPOTA project was assigned a higher priority.
- Developed specifications and coding for the first Field Organization reporting project. Project is in testing, awaiting live data from selected Sections.

On the Logbook of the World, we have reached a point where we will have “repaid” much of the technical debt by the end of 2015; and we are planning to move forward with new features and functionality in 2016. The organization has invested a significant amount of resources in this

system over the past several years and needs to begin the process of putting Logbook on a path to a financially “break-even” operation as quickly as possible.

For 2016-2017 the major goal of the Information Technology Department will be to bring about the long overdue retirement of our remaining legacy systems. It is critically important that we complete these projects which have been constantly delayed while other projects took, or were deemed to have, a higher priority. The longer we delay the more prone we become to failure and vulnerable to known security holes.

We need to allocate sufficient resources to these legacy systems over the next two years. While we believe that we have the internal resources to complete these projects, any additional, unplanned resource allocations will compromise our ability to complete the necessary work. Detailed specifications for the DXCC system project have been developed and signed off by the users and we expect we can have similar detailed specifications for the Membership/Development project completed early in 2016. As a result, we are studying the possibility of outsourcing the projects if possible to either volunteers or paid contractors. While we would still need to provide a significant amount of time to managing these projects, it would free up some time for other in-house developmental efforts.

As for the ARRL computer infrastructure, 2016 will be a year in which we plan to implement incremental improvements in the security posture through on-going refinement of the infrastructure

We have identified the following projects for the IT Department in 2016. This is the priority list with which we will begin the year although this does not mean that priorities won't change or projects won't be added. However, if projects are added it will likely change the priorities and impact the delivery of the projects deemed lower on the priority list.

***High Priority Projects:***

1. Membership and Subscription Module in AIS (Includes Development module) – Detail specifications are currently in progress. This project includes:
  - a. Web membership application/renewal
  - b. Automatic renewal of membership
  - c. Membership account management
2. Implement new DXCC system – Detail specifications have been completed for some time. Coding, testing and deployment are scheduled for 2016.
3. Logbook of the World
  - a. Technology refresh and web site redesign
  - b. Complete award sponsor API
  - c. New awards
4. Educational module for AIS (volunteer instructor feedback) – Complete coding and deployment.

5. Additional Field Organization reports.
6. Provide support for the creation and implementation of a secure web site portal for the transmission of test information from VEC teams.

***Medium Priority Projects:***

1. Update Contest database and processing routines. Work has begun with outside volunteer.
2. Implement changes to internal computer policies.
3. Improvements to bulk e-mail system.

Generally, it should not be assumed that these projects will be completed in the order shown above. Application of IT resources will be to higher priority projects over lower priority projects. However, because there are limited resources (mostly staff time) available to be assigned to projects, the order in which projects are started, worked on and completed will not necessarily follow the list exactly. Multiple projects will be in progress simultaneously and in different stages of completion.



# WASHINGTON

The Fairfax professional staff began telecommuting on August 1, 2015, eliminating office rental and support staff expenses. The arrangement has worked well, with staff remaining active in Washington area meetings and productive in conference preparation. This level of productivity will need to be maintained in the face of an almost certainly substantial and challenging WRC-19 agenda.

The timing of WRC-15, at which the WRC-19 agenda will be determined, is such that the precise international advocacy objectives for 2016 are unknowable as this Plan is being assembled. The budget assumes (reasonably, but not with certainty) that the agenda for WRC-19, which will be known at the end of November, will include an item considering at least one amateur band (most likely 10 GHz), among other bands in other services, for potential allocation to the mobile service for broadband applications. We also presume an amateur-focused item considering full or partial harmonization of the 160 or 6 meter allocations worldwide (ITU Region 2 enjoys more expansive allocations on these bands than many countries in other regions.)

These assumptions may change by the end of November, and the Chief Technology Officer will brief the Board on any altered assumptions when he is able.

The Washington line also contains professional fees for the General Counsel and Legislative Affairs firm, who will pursue the objectives that the Board dictates throughout the year.

# **MEDIA AND PUBLIC RELATIONS**

ARRL's Public Relations FY2016 budget will focus on continued expansion of the League's use of social media, promotion of the National Parks on the Air event, and the Outreach through Discovery initiative.

Social media continues to be a growing communications method to promote ARRL branding, enhance organizational communication and improve engagement with similar communities. ARRL has been slow to pick up this communications model and the PR Committee feels strongly about expanding this method extensively, both for internal and external use.

National Parks on the Air will be the biggest focus of 2016. This represents a completely new level of external engagement. With a strong promotional campaign, coupled with a merchandise line and strong initial advertiser response, we are confident NPOTA will be a fun experience for all amateurs and be a fiscally sound effort.

The PR department's "Outreach through Discovery" program was granted a modest budget for FY2016. CEO David Sumner, Ward Silver and I will work to address Board concerns in the initial program proposal and clarify the deliverables in the first year of the two-year program plan.

# FIELD SERVICES AND RADIOSPORT

## **FSR Department Mission:**

*Provide high quality and responsive service to our members and field volunteers in all service and program areas.*

## **Staffing Changes**

In the Awards and DXCC Branch, the following personnel changes are noted: Sharon Taratula and Sabrina Jackson have been promoted to Awards Manager and Administrative Manager, respectively. Sanijela Zanicovic resigned in July. Two temporary part-time positions have been filled by Kyle Kleef and Jordan Sakal, both of whom have been assisting the department with Centennial-related projects.

Scott Gee has taken over some of the VUCC duties in light of Sanijela Zanicovic's resignation.

Matthew Wilhelm resigned as Contest Manager in September. We are currently searching for a replacement and, after evaluating the staffing requirement of the Contest branch, have included an additional full time staffer in the department which will be allocated to supporting both Contest and Logbook of the World support functions. In the interim, former Contest Manager Daniel Henderson will be assisting FSR with Contest duties.

## **Products and Services**

### **DXCC/Awards**

The DXCC/Awards Branch (includes DXCC, WAS, VUCC, WAC and other certificate programs) continues to be FSR's main source of revenue.

As of August 31, 2015, DXCC had received 9,655 applications containing 794,185 entity credits. At the same point in 2014, DXCC had received 9,769 applications with 879,976 entity credits.

The old DXCC processing system continues running on Foxpro and is working satisfactorily, but it has developed some problems which will be relieved through the eventual migration to a system based in Logbook of the World. This will eventually lead to a significant processing-time reduction. As DXCC continues to work towards a system based upon LoTW, efficiency and turnaround time can be reduced. As greater efficiency occurs, new award concepts and more offerings for awards chasers can be added.

We are in the process of creating a DXCC Challenge certificate. Participants who qualify for DXCC Challenge will then have the option to request a DXCC Challenge plaque and/or a DXCC Challenge certificate.

We expect participation levels in other ARRL award programs to remain consistent with previous years, and continue to experience increases in WAS awards thanks to more logs being placed into the LoTW system. Improvements to the WAS program and its awards, which include a newly-designed WAS certificate, WAS endorsement stickers, and a forthcoming WAS plaque, have garnered interest.

The Centennial QSO Party has driven an increase in awards activity during 2015. As of August 31, 2015, the Awards Branch has processed:

- 2,518 Centennial Points Challenge certificate requests
- 1,779 W1AW/WAS certificate requests
- 622 W1AW/WAS plaque requests

## **Contests**

In 2016, the Contest Branch will continue to provide excellent customer service.

There was no progress on the repair of the MS Access queries in use by the Contest Branch staff to generate contest results tables. The \$20,000 budget remains for use in 2016 in what will likely evolve into a two-part “fix to the system”: (1) A strategic rethinking of contest management at ARRL; and (2) patches and fixes to the existing Access queries to allow work to continue while the overall process modernization is designed and implemented.

## **Emergency Preparedness**

The Emergency Preparedness Program is looking at many tasks to be accomplished in 2015 and well into 2016; update of EC-001 (ongoing), update of the ARES Manual (May 2015), providing training opportunities to ARES members, taking on HQ emergency response planning, making updates to the Ham Aid inventory, and working on Amateur Radio and ARES resources for tribal nations. Travel is still a large part of the program. Mike Corey, K1IU, is frequently requested to travel and present at meetings and conventions around the country. Unplanned travel requests continue to be an issue. In 2016 the Emergency Preparedness Program needs to be prepared for possible travel to the next IARU Region 2 Emergency Communications Workshop. Ken Bailey, K1FUG, continues to manage the day to day administrative duties of EC-001 and EC-016. He also takes travel assignments for ARRL hamfests and conventions.

## **Field Organization**

### **Support of the ARRL Field Organization**

There are 24 different positions (including the elected Section Manager position) in the ARRL Field Organization. As of August 20, 2015, there are 7,622 Field Organization appointees. 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 who wish 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 2016.

We also anticipate a need to re-print the Training Guide for the Amateur Auxiliary to the FCC sometime during 2016. Before reprinting, a content update of the guide may be authorized and written.

### Section Manager Elections

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 should be included in the 2016 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 ARRL Section Managers' Workshop is normally held annually at ARRL HQ in September or October. On average, the ARRL Section Managers' Workshop for new Section Managers hosts around ten Section Managers per Workshop. We are planning to have another session in 2016 which will be offered to all new Section Managers as well as 10 who were eligible in 2015 and did not attend.

### Outgoing QSL Bureau

We continue to provide good 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 their efforts in 2016.

Also, we have effectively managed to keep departmental postage costs lower than previous years. Mailings to the world's QSL Bureaus are conducted on a three-month schedule. So far in 2015, the Bureau has mailed 570,200 QSL cards.

### W1AW

W1AW operations at the station in 2016 will continue with no substantial changes. There will still be an effort needed to process the thousands+ of various W1AW/portable QSL card requests from the 2014 ARRL Centennial QSO Party. This will involve quite an amount of staff and volunteer time. Otherwise, Capital investment is shown in the next paragraphs.

## **Capital Investment Requirements**

### **Contests**

We propose to program funds to both repair/replace the Access queries used in the Contest Branch to generate contest results tables, and to modernize/redesign the way contests are managed in the future. The original \$20,000 budgeted for this project will be used in 2016. These processes are integral to the scoring and production of contest results. Over the last several years these queries have become problematic and stopped functioning as other data issues have occurred throughout our system. Jon Bloom stated that this “is an IT issue” before he left employ at ARRL. While we need IT to develop the work statement and identify the fixes, if there are any, and to locate a contractor if need be, we believe that for now we should show this capital item in FSR’s area.

### **W1AW**

One broadcast amplifier will be replaced with an Acom 2000A in 2016. This new amplifier will be procured in the first quarter.

Bids will be sought for the replacement of the station’s roof. Given the roof will be 20 years old in 2016 – plus the fact it has sustained some minor damage over the years due to a variety of storms – replacement becomes necessary.

# EDUCATION SERVICES

The Education Services Department currently has functional responsibilities for supporting volunteer instructors, guiding the development of license instruction materials 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.

## **Staffing**

Current staffing consists of one full-time position, the Education Services Manager, Debra Johnson. Support functions are provided by contractors and up to 3 hours per week office assistance by an ARRL Customer Service staffer, Allison Riedel. There are no plans to add to staff in 2015 but to continue managing ongoing and new requirements by engaging contractors.

## **Contractors**

A total of \$12,000 has been included in the original budget for cost center 302 for consultants fees.

Larry Kendall, K6NDL, Tommy Gober, N5DUX and Matt Severin, N8MS will continue to support the program as instructors in 2016. Mark will continue in his reduced role, providing support for production of resources and evaluating ETP grants. To the extent the other contract instructors have time to offer us for curriculum and teacher support we will provide for their services. However, since they all are employed fulltime elsewhere I expect their availability to be limited.

A total of \$24,000 is included in the budget for cost center 332 for contractors/consultants. This budget includes the following:

- \$12,000 for contract editor for Radio Waves newsletter;
- \$6,000 for a contractor to support the ARISS program in a coordinator role;
- \$6,000 for additional editorial projects and resource development, as consultants are identified for desired projects.

## **Projects for 2016 include:**

- Realign and refresh instruction for Teachers Institute;
- Develop articles for publication in education journals about ETP/ Teachers Institute
- Manage IT project to develop Instructor Database and Recognition System;
- Organize a team of volunteers (perhaps with contractor leadership) to align amateur radio content with national education standards;
- Complete and release Girl Scout Radio and Wireless Technology patch program;
- Develop Go-Kits and related management program to supply ground stations for ARISS participation

## **Continuing projects**

- Plan and support 3 sessions of the Teachers Institute for 36 participants, including one session of the TI-2;
- Manage one grant application cycle under the ETP;
- Write articles and pursue stories to report on department programs for Web news stories for QST and for Education newsletter;
- Produce 3-4 issues of instructor/teacher newsletter; *Radio Waves*;
- Maintain, update and improve areas of the ARRL 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, Amateur Radio in the Classroom, Scouting and Outreach to Teachers and Schools;
- Provide support for license instructors and clubs doing Scout outreach;
- Support the ARISS program as an active member of the management team;
- Maintain the ARISS.org website and the ARISS database archive;
- Manage the ARISS proposal process;
- Develop communications materials and support ARISS fundraising

## **Background and Additional Information**

### **ARISS (cost center 332)**

ARRL support for the ARISS program continues to grow as we try to maintain activity levels with less support from NASA. Fundraising and sustainability will be a major focus in 2016. Operations funding from NASA sources is only committed through March 2016.

**Business Travel (332).** Budget for travel costs estimated at \$5,250 includes expense for an annual meeting planned for Houston in November. Also travel to the annual ISS R&D conference in San Diego in July. This meeting of vendors and investors in the ISS is a major point of connection with potential funders for the ARISS program, ARISS program requests ARRL's attendance. Additional budget is for local travel to meet with consultants.

### **Education & Technology Program (cost center 302).**

The plan for 2015 includes offering three sessions of the TI-1, and one advanced TI-2 Space. The latter will be offered if a series of satellites bearing amateur radio are successfully launched later this year.

### **Additional notes:**

The expensed equipment budget line reflects the costs of the resources used in the TIs, which includes equipment, instructional activity boards, publication resources and robotics, as well as costs of some boards and equipment that are provided through progress grants to schools.

The program travel budget for the 302 cost center reflects travel expenses of instructors and participants for the Teachers Institute.

The staff salary budget for 2016 for cost center 302 includes an allocation of 20% of the department manager.



# VOLUNTEER EXAM COORDINATOR

## 1. Department Mission and Goals

The ARRL VEC provides licensing examinations for prospective new hams and upgrade examinations for those already licensed. It also assures that a sufficient number of examination opportunities are available 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

The ARRL VEC has met and will continue to meet our program goals using teamwork and cross training as effective tools within the department. No changes are planned for 2016.

## 3. Products and Services

### *Volunteer Examiners*

- Accredits qualified Volunteer Examiner (VE) applicants by soliciting across a broad spectrum of Amateur Radio operators.
- Registers and publicizes the scheduled exam activities of ARRL VE teams.
- Supports VEC services at hamfests/conventions.
- Conducts special mailings to VEs and to new licensees.

### *Exam Administration*

- Supplies printed exam materials and/or software to meet the VE team's examination needs.
- Receives and processes the completed exam session results and electronically files successful applicant license data and club license data to the FCC.
- Answers exam and license related inquiries regarding the licensing process.

- Files all test session data electronically to the FCC within three (3) business days or less.
- Maintains the highest degree of service and integrity in ARRL VEC examinations.

#### *Call Sign Administration*

- Administers the International Amateur Radio Permit (IARP) program for FCC and ARRL.
- Manages the FCC Club Call Sign Administrator program for FCC and ARRL, as one of three such coordinators and to provide an electronic filing mechanism for FCC Club Station License applications. Provides FCC-license renewal notices to clubs.
- Administers the 1x1 Special Event call sign program for FCC and ARRL, as one of five such coordinators.
- Provides FCC-license renewal notices to ARRL members. We will process license renewal requests received from members at no charge. Non-member will be charged a fee.
- Manages 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.
- Participates as a member of the National Conference of VECs Question Pool Committee.

#### *Additional Services*

- Manages and maintains the *QST* Silent Key column.
- Administers the License Class Certificate Program.
- Successful organizational presence at yearly NCVEC conference and fosters connections with other VEC organizations.
- Assists with field-based membership recruitment by providing ARRL Volunteer Examiners with tear-off pads promoting membership to newly licensed hams at VE exam sessions.
- Maintain, update and improve areas of the website for which we are responsible.

*VEC Program Results*

Table 1 compares program results over last year. In 2015 we are meeting all of our program goals and have maintained the VEC market share goal (table 2). Program levels (table 1) are projected to remain fairly stable for 2016.

<b>TABLE 1: ARRL VEC RESULTS AND PROJECTIONS</b>				
<b>ARRL VEC ACTIVITY</b>	<b>2014</b>	<b>2015 through August</b>	<b>Percent of 2014</b>	<b>2016 projected</b>
<b>Exam Sessions Held</b>	7,216	5,058	70%	6,800
<b>Exam Applicants Served</b>	39,184	26,636	68%	34,000
<b>Elements Administered</b>	51,647	34,681	67%	43,000
<b>New VEs Accredited</b>	1,974	1,511	77%	2,000
<b>New and Upgraded License forms transmitted to FCC</b>	33,073	22,378	68%	30,500
<b>License Renewals and Changes transmitted to FCC</b>	8,854	6,507	73%	8,000
<b>Total Club License applications transmitted to FCC</b>	1,197	852	71%	1,100

<b>TABLE 2: ARRL VEC MARKET SHARE</b>							
<b>FCC LICENSES ISSUED</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015 through August</b>	<b>2016 projected</b>
<b>NCVEC License Activity</b>	38,254	34,409	37,365	38,211	43,797	29,487	40,000
<b>ARRL VEC License Activity</b>	27,591	26,136	27,505	29,051	33,073	22,379	30,500
<b>ARRL Market Share of Exams Given</b>	72%	76%	74%	76%	76%	76%	76%

#### 4. New Initiatives and Services

##### *VEC Activity*

The VEC exam fee will remain at \$15 in 2016. With increasing shipping, printing and fuel charges, expense control will be a priority for us. VEs will be encouraged to use the software for exam delivery and web based forms in order to decrease spending on printed materials and supply shipments.

The ARRL VEC market share of total Amateur Radio exams administered varies between 72 and 76 percent (table 2). A significant challenge facing us is to remain competitive in the Amateur Radio examination market while keeping our expenses down. We can meet this challenge and increase VE activity by offering web based exam generating and exam session transmission software that will replace our current ARRL VE Exam Maker software. The current software (produced in-house) has limited functionality for the VEC and does not adequately serve our Volunteer Examiners.

Therefore, in 2016, we will begin a process improvement program including developing and implementing:

##### *New Technology*

- Deploy a system for delivering exams to VE Teams using web technology.
- A mechanism so that applicants can take Amateur Radio exams via computer.
- An electronic information transmission system for VEs in the field to send exam information to HQ. This system is also known as a remote entry portal.

This is a high priority project. The work will be performed by a contractor and managed by VEC. ARRL IT will provide support in areas such as VE credential verification and access to our main frame computer system data. The projected budget is \$10,000 to \$15,000.

##### *Acquisition and Retention*

- Improve Volunteer Examiner acquisition rates by promoting the benefits of our program in print and online ads.
- Increase revenue for the License Class Certificate program. Technician, General, and Advanced class License certificates were introduced in 2014, expanding the Extra class certificate program. A web application for online orders was developed and launched as well as an automated printing program. Advertisements for the new license certificates will continue periodically in *QST* and on the website.

- Increase Volunteer Examiner participation levels by continuing our efforts on making improvements to interactive web forms and by updating the VE training manual.

*FCC Activity*

We anticipate maintaining our share of total exams given at approximately 76% (table 2). We are cautiously optimistic about the number of new licensees. We forecast 30,000 new licensees and 10,000 upgrade licensees in 2016 (table 3). Our outlook for the coming year is stability; it includes no growth over 2015.

A new Extra class question pool will be effective on July 1, 2016. We expect an adjustment period when a new question pool is introduced to the public.

<b>TABLE 3: NEW AND UPGRADED FCC LICENSES BY YEAR</b>							
<b>FCC ACTION</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015 through August</b>	<b>2016 Projected</b>
<b>New Licenses</b>							
Technicians	24,752	21,316	23,974	25,621	29,223	18,874	26,500
Generals	2,351	2,318	2,596	2,777	3,191	2,048	3,000
Extras	425	438	512	488	827	427	500
<b>Total New</b>	<b>27,528</b>	<b>24,072</b>	<b>27,082</b>	<b>28,886</b>	<b>33,241</b>	<b>21,349</b>	<b>30,000</b>
<b>Upgraded Licenses</b>							
To General	7,617	7,349	7,536	6,790	7,711	5,834	7,000
To Extra	3,109	2,988	2,747	2,535	2,845	2,304	3,000
<b>Total Upgraded</b>	<b>10,726</b>	<b>10,337</b>	<b>10,283</b>	<b>9,325</b>	<b>10,556</b>	<b>8,138</b>	<b>10,000</b>
<b>GRAND TOTALS</b>	<b>38,254</b>	<b>34,409</b>	<b>37,365</b>	<b>38,211</b>	<b>43,797</b>	<b>29,487</b>	<b>40,000</b>

## 5. Capital Investment Requirements

**Item:** Exam Generating Software, VEC Portal and Remote Entry Portal for VE Teams

**Total Estimated Cost:** \$10,000 to 15,000

**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. A new VEC portal will allow electronic submission from the field of post exam session results from our VE teams.

### **Required Enhancements to VEC exam generating software and VEC portal**

1. On screen exams and exam grading.
2. Ability to download to and run on multiple computers.
3. Program available on web as well as the tablets and iPads.
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.
11. VE Team electronic submission from the field of post exam session results.
12. Prepare and format exam session information for FCC data entry file transmissions.
13. Data archival, retrieval, reporting, and security.

The new VEC portal and new exam generating software will need to be ready by the third quarter of 2016.

# LAB

## 1. Mission Statement

The ARRL Lab provides ARRL 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

One new part-time staff position is being added in 2016, with the re-creation of the position of Technical Information Service Coordinator. This is in addition to the general assistant part-time position. The person in this new position will be the major responsibility for maintaining the content of the Technology web pages on the ARRL web site, helping to answer the Lab phones, respond to member inquiries and be available for miscellaneous assignments. The Lab is making more use of volunteers to handle technical projects of mutual interest and to perform routine administrative tasks. This now includes several volunteers who volunteer time in the Lab on a regular basis, helping with miscellaneous technical projects, the vintage-display area and various administrative tasks.

## 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
- Support of publications
- Production of videos on various technical subjects.

Product Review remains among the most popular parts of *QST*. The Lab expects to test approximately 75 pieces of equipment for Product Review in 2016.

Led by Zack Lau, the Lab will continue to respond to member technical inquiries.

The Lab staff will continue to update web pages as needed, with the Lab staff providing content to the TIS Coordinator, who will also keep links up to date, identify ARRL articles to add as links and generally ensure that the entire Technology area has a similar look and feel. The Lab will also find volunteers to do some of this work but will continue to seek volunteers to maintain specific web pages, although most outside people are not willing to work within the limits of the current site content-management system.

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. Lab-staff work in various industry committees is now included as part of published IEEE and ANSI standards.

The Lab has been working with the IEEE on a standard on the method/process to handle power-line cases and, although driven by IEEE timelines, it is expected that this standard can be on an IEEE ballot by the end of 2016.

The Lab staff will continue to improve ARRL's relationship with the industry, in areas ranging from local Section and Regional participation to EMC.

#### **4. New initiatives**

Several new initiatives are planned for the Lab for 2016:

- The Lab has added a revenue item to its annual budget, having built the refurbishing and sale of donated equipment, amateur and other, into a system that is expected to grow. Most of the work of this initiative will be performed by volunteers.
- The Lab will make continuing improvements to the WIHQ facility.
- The Lab has obtained a significant amount of new test equipment over the past two years, through planned purchases and serendipitous donations. This equipment has capabilities that older test equipment didn't have, so the Lab will investigate its capability and, in consultation with the editors, will determine what changes in test methods and reporting can be implemented to make the best use of this equipment.
- The Lab has begun to identify and various noisy devices, and this is expected to increase significantly in 2016, as part of an overall strategy to address EMC problems from a combination of technical and enforcement perspectives.

#### **5. Fees**

The Lab expects to generate \$600.00 in revenue from the making of photocopies and related services and \$6000 from the sale of donated amateur and test equipment.



## **CAPITAL AQUISITIONS**

**ARRL, Inc.**  
**The National Association for Amateur Radio**

**2016 Plan**

**Proposed Capital Expenditures**

<b>Department</b>	<b>Description of Item</b>	<b>Cost</b>
<b>Information Technology</b>	Desktop Computers with Monitors -20	\$ 15,000
	HQ Laser Printers - 2	3,000
	Nexpose Vulnerability Scanner	5,000
	Standby Generator	13,000
<b>Production</b>	E-Letter Platform	20,000
<b>VEC</b>	Online Exam Generating Software & VEC Portal Enhancements	15,000
<b>Contest</b>	Contest Logging and Scoring Access Database	20,000
<b>W1AW</b>	Broadcast Amplifier	6,000
<b>Controllers</b>	Mail Slicer	2,000
<b>Building</b>	Copiers - 2	15,000
	Conference Room Chairs-18	6,000
<b>W1AW Building</b>	New Roof	14,000
<b>Total</b>		<hr/> <b>\$ 134,000</b>

**ARRL, Inc.**  
**The National Association for Amateur Radio**

**2016 Plan**

**Proposed Capital Expenditures**

**A. Replace 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. Replace Workgroup Printers**

The proposal includes the replacement of 2 laser printers. These printers will replace printers 5 years old or older in Education and Fulfillment. These are mid volume printers designed for daily departmental usage.

**C. Nexpose Vulnerability Scanner**

This software will provide an in-house capability for performing vulnerability/compliance scans on an on-going basis. The Nexpose product was selected because it integrates with our existing Metasploit penetration testing system.

**D. Standby Generator**

This is an additional standby generator for powering IT equipment located in the MDF (phone) closet. The MDF closet's current 15kW standby generator is now over capacity following the addition of the PoE switches for the VoIP phone system. This has already resulted in problems with UPSs draining and servers crashing during power outages lasting longer than the 10 - 30 minute UPS endurance.

The projected cost includes full installation of a concrete pad, connection to natural gas, and a new transfer switch.

**E. E-Letter Platform**

The present e-letter platform on the ARRL website has become grossly outdated and very difficult to use. Editors frequently complain of the excessive time required to create even the simplest e-letter content. At the same time, however, we are seeing increasing demands from ARRL members for more e-letter content. (Circulation of the *ARRL Letter* recently surpassed 100,000, making it the second-most popular ARRL publication.)

In addition to our inability to easily edit e-letters, we are entirely unable to modify the visual template. It was effectively “locked in” to the current platform when it was created more than 10 years ago. All of our present e-letters have a similar appearance, which is not conducive to making them more visually distinguishable from one another.

Finally, the present e-letter system places limits on the type and amount of advertising that can be included. As a result, the Advertising department has actually been *turning away* requests to advertise in popular e-publications such as the *ARRL Letter*.

We are proposing to revise the present system to give us the features we need. Three different developers have all provided about the same estimated cost.

## **F. VEC Online Exam Generating Software and Portal Enhancements**

The current ARRL VE Exam Maker software (produced in-house) has limited capabilities and does not adequately serve the current needs of our Volunteer Examiners. A new, secure VEC portal will allow electronic submission from the field of post exam session results from our VE teams and reduce the paper processing and postage costs. Some of the enhancements which are needed included:

1. On screen exams and exam grading.
2. Ability to download to and run on multiple computers.
3. Ability to access the Program on web as well as tablets and iPads.
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.  
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.
9. Lock out pool questions manually in addition to automatically.
10. Minor editing capabilities within the exams.
11. The ability for VE Teams to electronically submit post exam session results from the field.
12. Prepare and format exam session information for FCC data entry file transmissions.
13. Data archival, retrieval, reporting, and security.

This project will be managed by the VEC department and completed by an outside programmer with minimal involvement by the IT department.

## **G. Contest Logging and Scoring Access Database**

The current Contest databases are written as MS Access databases and reports are generated through queries from these databases. The routines which manipulate the data are in need of

serious repair in many cases and need to be updated to reflect changes over the years in various contest rules, etc. We've reached a point where significant manual effort is required to produce the results for each contest result.

By upgrading the databases, including the version of MS Access utilized, and routines we will improve both the efficiency of the work as well as the overall contest administration. The upgraded databases will benefit all the contests and aid in streamlining the mailing process of all certificates. These databases are expected to be upgraded by an outside programmer with minimal involvement by the IT department.

## **H. Broadcast Amplifier**

With the exception of the three Acom 2000A amplifiers, all the other amplifiers used in the bulletin equipment have seen many years of use. In addition, the Ameritron AL-1200 amplifiers appear to have difficulties with long-term use in this fashion. The AL-1200 used on 20 meters continues to fail and is no longer in service. We should give serious consideration to purchasing new amplifiers to replace the older Icom IC-PW1 amplifiers and eventually the Ameritron amplifiers. The amplifiers we choose should be capable of all-band, auto-tune operation. The amplifiers should also be capable of meeting or exceeding (preferable) the full-legal limit.

The amplifier used on 2-meters was used when placed into service and should be upgraded before there is a permanent failure.

Acom 2000A amplifiers that were purchased in 2012, 2013, and 2015 and placed into service have proven themselves to be quite the workhorses. In addition to being able to handle 1.5kW without difficulty, they also have automatic tuning and internal antenna tuners. Automatic tuning is critical because the amplifier is able to quickly adjust itself for optimum efficiency. In addition, auto-tune amplifiers have much more monitoring circuitry than their manual-tuning cousins – at least of those located in the broadcast racks.

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

## **I. Mail Slicer**

The existing high volume mail slicer in the Controller's Office is currently rolled into the expiring lease with the postage meters located in the mailroom and at the warehouse. It is anticipated we will enter into a new lease for the postage meters, however, we don't feel a new mail slicer is going to be part of the contract. Therefore, we propose to purchase one in 2016.

## **J. Copiers**

The League currently has 4 copiers that support headquarters. All of which were purchased second-hand over 13 years ago and currently have issues with being repaired due to the lack of available of parts. We are proposing to replace the oldest 2 of these copiers in 2016 and move forward replacing the other 2 in 2017 and/or 2018. The 2016 proposal is for one high volume

copier and one mid-size office copier with 2 additional mid-size copiers to follow in the near future.

### **K. Conference Room Chairs**

Currently the conference room has several broken chairs. In the plan it is proposed to replace the 18 chairs around the conference room table and relocate any of the current chairs that are still fully functioning around the building replacing other non-functioning chairs.

### **L. W1AW Roof**

In 1996, a new roof was installed on the station. In 2011, a freak October snow storm took down the tree located near the back door. This tree landed on the roof area over the foyer and damaged the shingles and drip-cap near the eaves. In 2016, this roof will be 20 years old. Given the damage from 2011 plus that fact that bits of shingle are usually found peppered here and there around the station, it is recommended that the roof be replaced in 2016. Although no significant water leaks have been observed within W1AW – aside from the extreme wind-driven rain that pushes water through tiny cracks – the age of the roof remains a concern and reason for replacement.

## **STAFFING**

**ARRL, Inc.**

**The National Association for Amateur Radio**

**2016 Plan**

**Staffing**

The total staffing complement proposed in the Plan for 2016 includes 90 full time and 10 part-time staff for a total of 100 employees. This represents a total of 95 Full Time Equivalent (FTE) positions which is one less position and FTE than approved in the 2015 Plan (including subsequent additions approved by the A&F Committee during the year).

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.

While the total number of positions only changes by one, there are a several changes in the staffing that should be noted:

1. The Editorial department has proposed the elimination of one position. The reduction in staff is due to the outsourcing of current services at a significant savings to the ARRL.
2. The Laboratory has eliminated one part-time position and added two higher level part-time positions to meet current demands.
3. Public Relations has added a new part-time communications intern position. This position is designed to focus on more efficient social media engagement and content creation.
4. Field Services & Radiosport has added an assistant position to support both Contest and Logbook.
5. The two part time positions to assist in the processing of the Centennial QSO Party Awards have been eliminated as planned back in 2015.
6. Through attrition, the VEC department has eliminated one part-time position.

Also included in the Plan is an average increase of 3.0% for the staff, effective on April 1, 2016. This does not mean that everyone will get 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.



<b>AMERICAN RADIO RELAY LEAGUE, INC.</b>						
<b>STAFFING SUMMARY</b>						
	<b>2015 Plan</b>			<b>2016 Plan</b>		
<u>Function/Department</u>	<b>FT</b>	<b>PT</b>	<b>Total</b>	<b>FT</b>	<b>PT</b>	<b>Total</b>
<u>Production &amp; Sales</u>						
Editorial/Production						
Administration	2		2	2		2
Graphics	2		2	2		2
Composition	2		2	2		2
Editorial	4		4	3		3
Laboratory	4	1	5	4	2	6
<u>Sales &amp; Marketing</u>						
Business Services	5		5	5		5
Marketing	2		2	2		2
Fulfillment	6	1	7	6	1	7
Warehouse	4		4	4		4
Membership	1		1	1		1
<u>Support</u>						
CEO	4	2	6	4	2	6
CFO	2		2	2		2
Development	3		3	3		3
Controllers	4	1	5	4	1	5
Information Technology	10	1	11	10	1	11
Administrative Services	3	1	4	3	1	4
Maintenance	1		1	1		1
<u>Advocacy</u>						
Washington D.C.	2		2	2		2
Public Relations	1		1	1	1	2
<u>Field Services &amp; Radiosport</u>						
FSR Administration	3		3	3		3
Field Services	4		4	4		4
Contests	1		1	2		2
DXCC	8		8	8		8
QSL Bureau	1		1	1		1
W1AW	2		2	2		2
Emergency Preparedness	2		2	2		2
Centennial		2	2			0
Education	1		1	1		1
VEC	6	2	8	6	1	7
<b>Total Staff</b>	<b>90</b>	<b>11</b>	<b>101</b>	<b>90</b>	<b>10</b>	<b>100</b>
<b>FTE's</b>			<b>96</b>			<b>95</b>