

**American Radio Relay League  
Proposed 2015 – 2016  
Plan**

**CONFIDENTIAL**

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

**2015-2016 Plan**

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**SUMMARY**

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

**Proposed 2015-2016 Plan**

**Summary**

**To: ARRL Board of Directors**

With this document, the ARRL management team presents, for your consideration, our recommendations and financial projections for 2015 with initial projections for 2016. 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.

As we began to build the plan for the coming year, we quickly realized that we were facing a substantial challenge. We made this observation a year ago:

*“..... The planning process was a bit difficult this year as we continue to experience little, if any, true revenue growth. Positive bottom line gains continue to be achieved through expense control in the areas of our on-going operations....”*

And our plans for 2015 include more of the same. Even without the financial pressures of the National Convention and the Second Century Campaign, the organization will be facing difficult financial decisions in the near term as will be discussed in the following pages.

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 for how the year would unfold.

**How does 2014 compare with our original expectations?**

As we entered 2014 we knew it would be a very active and, at the same time, financially challenging year. Putting on the National Convention in Hartford was not an insignificant task and involved the entire HQ staff in one form or another on top of their normal day-to-day activities. Financially, we began the year with a projection of break-even bottom line from “normal” operations and the expectation of an overall loss due to the spending on the National Convention and the Second Century Campaign. We had the necessary resources to absorb the projected loss for the year, but we were still concerned about the overall climate as noted in the 2014 Plan:

*“...The overall financial landscape for the ARRL is not expected to change much in the coming year so our projections and plans continue to be somewhat conservative. The economy is getting better but the Amateur Radio industry is still in a bit of turmoil. The Fed is beginning to show*

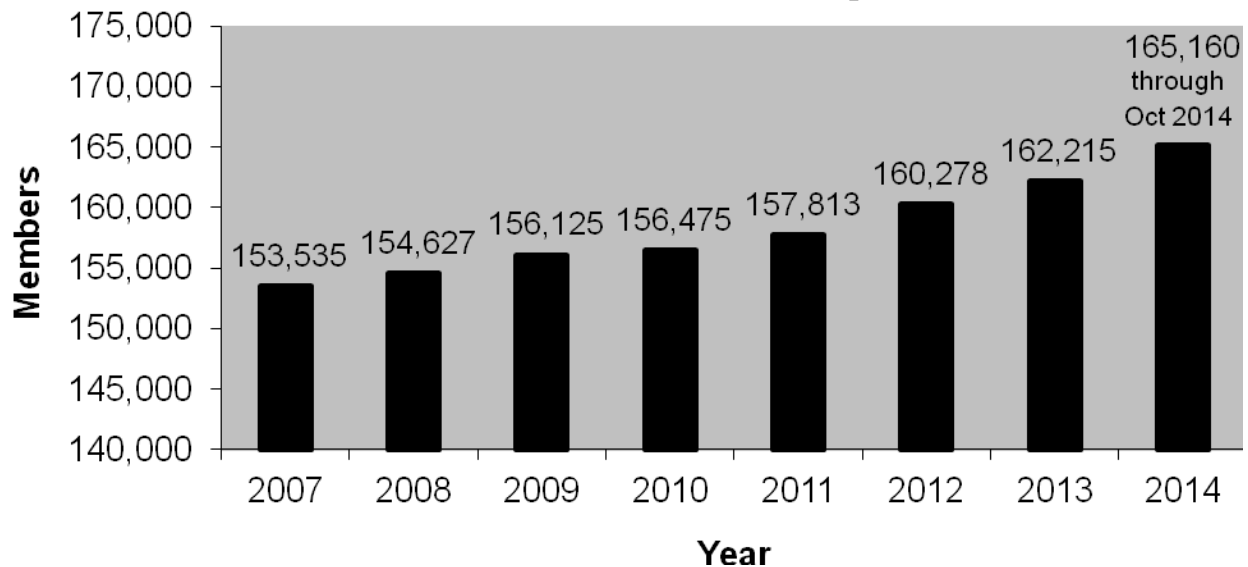
*signs of easing their policies which have resulted in historically low interest rates for some time now and, in some circles, there is a fear that those actions may lead to an uptick in the inflation rate at a time when the economy can't afford it. All of these things make us cautious about the near term future and, with an unusual amount of our resources focused on Centennial activities, we continue to project revenues and spending very conservatively..."*

As the year unfolded, some trends began to turn away from us:

- Publication sales margins were decreasing, providing less "net" resources than planned. This is likely due to increases in sales to large wholesale outlets as well as an overall decrease in gross margins;
- Advertising revenues are below our original expectations as a result of a late in the year decision by Yaesu to pull back on their advertising commitments to QST;
- We are still experiencing some contraction in the Amateur Radio industry, particularly in the smaller retailers;
- Awards revenues are less than planned through October; and
- Revenues (and the resulting bottom line impact) from the Centennial award activities are likely now delayed until 2015 when the bulk of the awards will be fulfilled.

There is good news, however. For one, the number of Amateurs entering the hobby has outpaced our projections so far this year. Through the end of October new licensees stand at almost 28,300 and are on pace to reach close to 33,000 by the end of the year. This would be an increase of almost 14% over the prior year. Secondly, membership in 2014 has continued to increase as well. The graph of the ARRL membership growth below shows the increase in ARRL membership since 2007 and reflects our ability to increase the membership through a difficult financial environment. *(Please note that the bottom of the graph is not zero, so the rate of growth can appear exaggerated.)*

# ARRL Membership 2007-2014



The results of all these trends are reflected in our financial results through the first ten months of the year. While total revenues from continuing operations are up over the same period of a year ago, expenses are up more, resulting in a significant drop in our operating bottom line from October 31st of 2013. Where we were at a break-even point a year ago, we're now reporting an operating loss of \$285,000. Overall, when including the results of the Convention and the Second Century Campaign, the organization is showing a loss of \$697,000 (before realized and unrealized investment gains) through the end of October. This operating loss is slightly more than we had expected it to be at this point in the year, and the prospects for the remainder of the year may not be as bright as they once were. While we are still anticipating better than break-even results for the fourth quarter, advertising revenues are not expected to meet the original targets with the loss of Yaesu advertising and it is unclear whether or not revenues from program fees will meet our full year expectations. This will reduce our expected bottom line and likely result in a loss from normal operations for the full year, increasing the total loss for the organization when the results from the Convention and SCC are included.

These expected results, coupled with the trends that emerged in the second half of 2014, were a large factor in our expectations for the coming year and led us to make several strategic decisions regarding spending and revenues for 2015.

But 2014 was certainly not all about financial results. We were able to accomplish much despite all the "extracurricular" activities during the year. Specifically, these included:

- As noted above, continuing to increase the membership by more than had been originally planned for the year to this point. At the end of October, the total membership stood at

165,160, an increase of 1.8% since the beginning of the year and an increase of 2.1% from just 12 months ago.

- Other than the continuing increase in membership, the 2014 National Convention has to be considered as one of the biggest accomplishments for this year. The three days of learning tracks, forums, events and other activities were praised by all who attended. The efforts put forth by staff and volunteers were rightfully recognized by the Board during the July meeting.
- In addition, we staffed 6 additional Regional Centennial events that brought the excitement of the ARRL's 100<sup>th</sup> year to different locations across the country.
- Contributions and commitments to the Second Century Campaign increased by \$1.4 million so far this year, bringing the total for the campaign to over \$7.4 million in total.
- While initially not in the forefront of the activities, the smooth transition to a new firm, The Keelen Group, which represents the organization in Washington, D.C. and our efforts to recruit co-sponsors in Congress for H.R. 4969 has to be considered one of our major accomplishments for the year.
- Based on the recommendation of the LoTW Study Committee and the Administration and Finance Committee, two new programmers were hired to work on Logbook of the World. As a result, we are close to reducing the technical debt to a point that we will be able to consider additional projects related to LoTW in 2015. Included in this is the installation and testing of additional hardware (on-going at the moment) that will provide a test bed for future software enhancements as well as a "fail-over" facility for processing.
- The two Centennial operating events (Centennial QSO Party and W1AW Centennial Operations) along with W100AW operations from Newington and the Regional Centennial events have been huge hits and have generated significantly more on-the-air activity and contacts than we ever imagined. Our collaboration with the organizers of the World Radiosport Team Championship enhanced both that event and the National Centennial Convention.
- Several programming projects were completed including the wholesale books module of AIS.
- Even with VEC activity and new licensees outstripping expectations, the ARRL VEC has maintained a dominant position in terms of market share in this important segment.
- A new HVAC system was installed in the front half of the Headquarters building. The system mirrors the one installed in the back half a year ago. In addition, cooling units for both the computer room and the supplemental closet which houses all our routers, etc. were also replaced.

- Executed a new MOA with FEMA.
- Installed new test equipment in the Lab.
- Implemented a new practice exam web site for Amateur Radio exams.

All in all, 2014 has been a very good year from an operational standpoint and we've accomplished much of what we set out to do. But there are concerns about the near term and what we need to do to meet those challenges.

### **Expectations for 2015 and Beyond – Financial**

From a larger perspective, we don't see the financial landscape changing dramatically in the near term for the ARRL and any change is certainly not for the better. The economy shows signs of improvement but much is still unclear. While the employment statistics are getting better, there is debate about the underlying reasons, specifically the number of people who are no longer actively looking for employment and the near-term prospects for job creation. The Federal Reserve is winding down their bond buying program although interest rates are still being kept artificially low. And the investment markets have recently shown continuing volatility, fluctuating day-to-day based on news reports of new conflicts, infections, employment and any number of global economic indicators. There appears to be no clear direction at this point.

In addition, as we began to build the 2015 Plan, it became clear that the financial trends noted earlier in the report specific to the ARRL were likely to continue into 2015. As a result, the small projected increases in revenue were not going to be enough to offset increases in overall spending for the organization if we wanted to continue all the current programs and services we currently provide to the membership.

Despite our current outlook, there are promising signs. We are projecting another good year of growth in the Amateur Radio service. In 2014, we initially projected 28,000 new licensees coming into the hobby which, based on statistics to-date, appears to have been a conservative estimate. We're projecting about 30,000 new licensees in 2015. We are predicting the same number of upgraded licenses in 2015 (10,000) as we did in 2014. As in the past, we continue to be concerned about the level of upgrades. There isn't as much forward momentum in this segment of the market, one where the ARRL is traditionally strong, as we would like to see. This needs to be a focus for the strategic planning process planned for the coming year.

For our planning, we were mindful of the on-going issues within the Amateur Radio industry. The concerns we noted last year continue to be true:

*“....there is a consolidation going on in the industry. In addition, Amazon's share of the ARRL wholesale book market grew again in 2013. Through the end of the third quarter they represent roughly 48% of our wholesale book revenues, up from 42% last year. Barnes & Noble continues to be a major customer although we must be concerned about their continued viability. So in a market that used to be dominated by the independent radio store, we now have two retailers*



*which comprise well over 50% of our wholesale book revenues. The significant and sophisticated web presences of both these retailers, has resulted in a major impact on the Amateur Radio publications market. Given that we've seen evidence of at least Amazon selling ARRL publications at less than their cost as a loss leader to other product sales, the traditional Amateur Radio dealer is being squeezed out of the publications market. Certainly not every manufacturer or retailer is in dire financial straits, but the overall condition of the industry is not getting appreciably better...."*

Amazon's percentage of our wholesale book sales is about the same as last year at this time but one large order from them could easily increase the percentage. Barnes and Noble, a question mark a year ago, is still in the picture and has increased their purchases by about 12% from last year. For much of the year we had payment issues with a third large wholesaler, Baker and Taylor, which threatened to reduce the overall sales to this customer, however, we were able to resolve most of them. Those three large wholesalers make up about 53% of our total sales to all wholesale outlets, including Amateur Radio stores. As noted above, growing sales to these large wholesalers has the impact of reducing our overall gross margins on book sales. This situation may be exacerbated in the future by any increase in the percentage of electronic books sold. All in all, total publication sales are likely to be down from where we expect to finish this year and the gross margin (i.e. the contribution to the bottom line) from these activities is expected to decrease as well.

Our projections for revenues from advertising are also down in 2015, directly related to the decision by Yaesu to pull back on their advertising commitments to the ARRL. This represents over \$200,000 in lost revenues to the organization, only increasing the pressure on the bottom line for the coming year. And, while we don't think this decision is in Yaesu's best interest long-term, we have no indication at the moment that they are going to reverse it, so we must go forward in 2015 under the assumption that those revenues will not be forthcoming.

On a year-to-year basis, we are projecting some small revenue increases in our traditional, activity based fees. This includes selected price increases in the Awards and Contest programs. What will help overall revenues although less so on the bottom line, are the fees and related results from the Centennial awards programs, the bulk of which will be fulfilled in 2015 with some portion falling into 2016.

Voluntary contributions are also not expected to increase in any meaningful way in the coming year. Although we generate almost \$1 million per year in voluntary contributions used to offset operating expenses, we must understand that after all these years, we have a "mature" development base which isn't likely to increase significantly.

This brings us to a discussion of member dues, our largest single revenue source by far. We have been discussing the dues rate with the Board for most of 2014, beginning with this observation in the 2014 Plan:

*"...It is important to note here that again, we are not proposing a dues increase. However, it has been since 2001 that the organization has raised the basic dues rate of \$39. Increases in revenues, even if only to pay for existing services, will be required in the future and dues is our*

*largest revenue source by far. We understand why 2014 is not the year to propose an increase, but we cannot go much further without one. After next year the question is not “when” but “how much....”*

As noted above, the organization has not raised dues in almost 14 years. While this has certainly had a positive impact on the growth in the membership, it has also put significant, additional pressure on revenues from other sources and our ability to spend on new services and programs. In the course of our planning for 2015 it became clear that from a purely financial perspective, we had waited too long to increase the dues rate. **So in this budget we are proposing a dues increase to be effective on July 1, 2015. We are not taking this step lightly but rather as a carefully considered decision made with the longer term finances of the organization in mind.**

For comparative purposes, we ran two different scenarios for this proposal, one proposing an increase of \$6 annually (\$45 term dues rate) and one proposing an increase of \$10 annually (\$49 term dues rate). Because of the logistics of raising the dues, formal approval by the Board and lead time for implementation, the earliest we can actually implement an increase is July 1<sup>st</sup> of 2015. Each scenario includes an assumption, based on historical trends, for a decrease in the total membership for the next three years. We have included the \$10 increase scenario in the financial projections included in this document for several reasons. However, shown below are the estimates for dues over the planning horizon for the three possible scenarios:

	No Increase	Year to Year Increase	\$6 Per Year	Year to Year Increase	\$10 Per Year	Year to Year Increase
2014	\$5,404,057		\$5,404,057		\$5,404,057	
2015	\$5,507,209	\$103,152	\$5,491,315	\$87,258	\$5,484,075	\$80,018
2016	\$5,641,285	\$134,076	\$5,977,014	\$485,699	\$6,192,064	\$707,989
Total Increase over 2 years		\$237,228		\$572,957		\$788,007
# of Members as of 12/31/2016	170,268		159,899		153,830	

As you can see, the financial impact of dues increases over the next two years is significant and the difference will only widen in the future. And, as is also indicated, there will be a loss of members as the result of any dues increase. This is an unavoidable consequence of a dues increase. Membership does go down, but we have shown the ability to reverse that trend and see the membership begin to increase again within about 36 months after the implementation of the increase.

Each scenario presented above carries with it different risks and opportunities. We believe the organization will likely continue on a path of only raising dues intermittently, and as such are

proposing that a \$10 increase now is more appropriate. If you believe that smaller, more frequent dues increases is a better approach then the \$6 increase would be indicated. However, in that case – and based on current trends in other revenue areas and in expenses – another dues increase will have to be considered in just two or three years.

Overall, we do not see most revenue sources increasing significantly in the near future. Current trends suggest that revenues from traditional sources, with the exception of dues, will be level or possibly even decrease in the near future. With no dues increase, the expected shortfall between revenues and expenses will only increase, and substantially, in the near term.

Although the major revenue proposal is for the increase in the dues rate, also included in the Plan are several other proposals to increase revenues. Some of these are:

- Increase the pricing for Awards fulfillment and shipping fees which will provide an additional \$20,000. Investigate different delivery models and pricing for certificates in all contests.
- Begin a “Donate a Car” program. This is a turnkey operation and would be done through a national provider of such services. First year estimate of revenues is \$12,000.
- Provide additional advertising opportunities on the Logbook of the World web site as well as offer partial page advertisements in the front of *QST*.
- Increase the pricing for *QST* advertising by 5% which will provide an additional \$40,000 in 2015.
- Provide as many opportunities as possible to donate to the organization for specific activities through simple access points on various pages of the web site.

Because we have waited so long to increase the dues, and it takes more than a calendar year for the full financial impact of a dues increase to be felt in the bottom line, you will see that we are proposing to incur a deficit in 2015 to allow our dues pricing to catch up with our operations. We believe this is prudent rather than cut programs in the short term while our revenues recover.

So that it is not misunderstood, we are also proposing the following actions to reduce expenses to a level that, even despite these cuts, will still result in an operating loss for 2015:

- Reduction of the overall staffing count by 1 Full Time Equivalent positions.
- Eliminate the physical location for the Washington Office. Given the way the staff has evolved and operates in fulfilling their responsibilities, a physical location in the D.C. area is no longer required.

- Reduce the reliance on and overall cost of outside consultants. Recruit volunteers to perform certain specific functions where possible.
- Provide *QEX* magazine in digital form only beginning sometime in the second half of the year.
- Limit as much as possible, staff travel to events outside of the normal rules for Member Contact Travel.

Even with these actions, we are unable to balance revenues and expenses for 2015. There are several contributing factors to this. Decisions for commitments to Logbook of the World, an array of additional awards (some of which have limited participation), WRC-15 activities and a continued level of participation at certain events (e.g. the Dayton Hamvention®) are some of the contributing factors. Also, we have specifically NOT projected any reduction in the spending for volunteers at the Officer, Division or Section levels, including Board of Directors and Committee meetings.

As always, we have tried to be conservative in projecting revenues and expenses for the coming year. Given our proposal, we have paid more attention than usual to the projections for the second year in the planning horizon (2016) to insure that the proposed dues increases would result in the beginning of a financial turnaround for the organization. The financial projections begin on page 21 of this Plan. Total revenues for 2015, including voluntary contributions recognized, are projected to total \$15.39 million. While it appears to be an increase, these include \$454,000 of revenues from the Centennial awards earned in 2014 but not fulfilled until 2015; these are only a one-time revenue source. Excluding this source, overall revenues are relatively level in comparison to 2014.

Despite spending for a Convention and the Second Century Campaign no longer being part of our plans for 2015, expenses are projected to increase in the coming year. One significant increase relates to the costs of fulfilling the Centennial awards, projected to be about \$361,000 in 2015 with some additional costs in 2016. Also increasing are the cost of sales (\$90,000) which explains part of the decrease in margins, development expenses (\$54,000) with a planned W1AW fundraising campaign, Controller's (\$75,000) representing additional depreciation charges and the increasing commitment to technology and software development (specifically Logbook of the World) which is driving the costs of the IT Department up \$159,000 in the coming year. In addition, participation in the World Radiocommunication Conference in November will also require increased spending in 2015. Total expenditures for 2015 are projected to increase to \$15.62 million.

Overall then, our projections include an operating loss of \$230,000 in 2015, or expressed another way, about 1.5% of total revenues. Assuming for the moment, that a dues increase is approved for implementation in 2015, our current projections for 2016 are that we would reverse this trend in operating losses and return the organization to a positive operating income.

## Expectations for 2015 – Operationally

In this Plan we have tried to balance the financial realities of the short term, with a goal of continuing to grow the operation and achieve our major goals and objectives for the year. Included in this Plan are:

- Preparation and participation in WRC-15. This includes the Conference Preparatory Meeting in March-April as well as the conference itself in November, both in the high-cost city of Geneva. The ARRL funds participation by two staff members, Brennan Price and Jonathan Siverling, on the US delegation. In addition, as International Secretariat we fund the most of the cost of IARU participation (although the regional organizations contribute about \$33,000 to the International Secretariat every year and also fund the participation of some of their own individuals). The major issue for the amateur service at WRC-15 is the agenda item for a possible 5 MHz allocation; success is by no means assured but this is the best chance we have had in many years to achieve a significant new international allocation.
- Centennial Awards -- The operating events implemented in 2014 in conjunction with the ARRL's Centennial celebration were hugely popular among the members and others. Literally millions of contacts were made between the Centennial QSO Party and the WIAW portable operation. As such, our projections for revenues and expenses for these events increase significantly as well.

	<b><u>2015</u></b>	<b><u>2016</u></b>
Revenues	\$ 454,000	\$ 100,000
Expenses	361,000	42,000
<b>Net Gain</b>	<b><u>\$ 93,000</u></b>	<b><u>\$ 58,000</u></b>

Although our initial expectations were to fulfill the awards in 2014/2015, the overwhelming popularity will result in our completing these tasks in 2015-2016 with a larger positive impact, financially, on the organization. It will require additional part-time staff to accomplish and these have been incorporated in our staffing plans in the planning horizon.

- Logbook of the World – In 2014, the Administration and Finance Committee approved an additional position to support the upgrading and development of the Logbook of the World operating system. This position was over and above the one position proposed by the LoTW Study Committee at the time and included in the 2014 Plan. The addition of the two positions has allowed us to “dig out of the hole” of technical debt and by early in 2015 we believe the system will be in a state that will allow additional development of awards, etc. This is critical as the organization has committed an extraordinary amount of

resources in the past year to Logbook of the World, a commitment that was needed. However, if we are to continue toward the end goal of making Logbook of the World the premier award system for Amateur Radio, we also need to find ways to fund this commitment on an on-going basis. In other words, we need to increase the revenue potential of and actual revenue generation from Logbook of the World going forward. This will initially include the addition of at least one new award supported by Logbook of the World in 2015.

- Digital QEX – *QEX* magazine, while still popular among a small segment of our membership, has experienced a drop in subscriptions in recent years. As a result, the magazine has fallen below the break-even point financially and we felt we needed to find a way to continue its publication without incurring any financial loss. We plan to aggressively pursue moving this publication to a digital-only offering sometime in the second half of 2015.

In addition to the Logbook of the World activities, as always, there are a large number of development and infrastructure projects in the IT Department planned for 2015:

- Continue the long-term strategy of transitioning Headquarters systems away from existing legacy systems and onto the ARRL Information System (AIS) platform. This specifically includes:
  - (1) Complete the new DXCC software and retire the system developed by ATS.
  - (2) Implement a new Membership Management module in AIS (this includes the Development function module as it is closely tied to membership).
  - (3) Implement a new Education Department Module in AIS.
  - (4) Support the project to digitize *QEX*, likely to include functionality to identify and provide electronic access to subscribers.
- Additional IT development projects tied directly to revenue generation:
  - (1) Implement web site and back-end programming for the proposed dues increase.
  - (2) Provide additional opportunities for advertising in various ARRL electronic newsletters.
- IT Infrastructure and Security – Based on events in the latter half of 2014, the IT infrastructure team has done a review of our current hardware security protocols and has begun a process of implementing more stringent controls. As part of this process, this more critical functions for 2015 include:

(1) Install an additional Cisco firewall and separate our internal network between the externally accessible servers -- such as Logbook and e-mail (Exchange) -- and our end-user desktop computers.

(2) Install a new firewall at the Warehouse.

(3) Upgrade the entire McAfee suite to include Complete Endpoint Protection and Web Security modules.

(4) Complete a vulnerability review using an outside contractor.

- Implement the Board's directive at Minute 36 of the July meeting relative to generating new Radio Amateurs with specific attention to increasing the diversity of the population. The specific steps we undertake will be based on the survey being conducted in late 2014, the results of which are scheduled to be available in February 2015.
- Teachers' Institutes – We plan to continue this popular program in the coming year with four TI's planned. Meeting this objective is always contingent on having the funds available in the Education and Technology Fund to cover the costs. Available funds are not a limiting factor in 2015 but may be in the future, depending on the success of future fundraising campaigns.
- Implement a New Telephone System for Headquarters – As described in the Capital Acquisitions section of this Plan, the Headquarters phone system cannot be supported through a maintenance contract. We are proposing a VOIP (Voice Over Internet Protocol) system to replace the current equipment.

Other significant objectives in this Plan for 2015 are:

- Develop an automated Amateur Radio exam delivery and exam session return system for VEs using an outside service to do the programming.
- Develop a new database system for collecting and reporting information from Repeater Coordinators for us in future editions of the ARRL Repeater Directory and TravelPlus products.

As noted above, the planning process required struggling with decisions about resource allocations, the result of limited revenue growth and expanded commitments in several areas, not to mention the on-going commitments to our existing programs and services. We believe that we have been able to deliver a balance of controlling spending on existing programs and services while adding selective projects and programs that advance the objectives of the organization.

The largest allocation of resources we have at the ARRL is for compensation for the staff. Through attrition and, in some cases, reallocation of certain staff resources, we are proposing to

reduce the overall staff by two positions which is the equivalent of reducing the complement by one Full Time Equivalent. As mentioned earlier in this report, as part of this complement, we are proposing two new temporary part-time positions (20 hours per week) to handle the workload involved with the fulfillment of the two Centennial operating activities. We are also proposing an average merit increase of 2.5% which is equal to what was proposed in 2014. We feel that this is appropriate in the local market and reflects what we will be asking the staff to accomplish in the coming year and is in keeping with the estimated increases in the individual cost of benefits (primarily health care) and the reduction in the pension benefit as described below. 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 salary range for their Job Grade.

In addition to compensation, the cost of the ARRL benefits program is the other significant staff cost. The cost of the total benefit package for the ARRL staff is estimated to grow to almost \$1.6 million in the coming year. This is an increase of 3.4% driven primarily by an increase in the cost of the health insurance plan of approximately 10%. This is not as bad as it might sound when you remember that the cost of the health insurance plan was kept the same in 2014 in comparison to 2013.

We are proposing to keep the 403(b) pension plan matching program, increased in 2014, the same in 2015 and 2016.

Again, our proposal for 2015 projects an operating loss for the year but with a return to a positive gain from operations in 2016. It is not a plan for continued deficit budgeting, only a recognition that the long-postponed dues increase will have little effect on the bottom line in the first year it is implemented. To do otherwise would require cutting existing programs which we do not believe is in the organization's best interest.

## **Revenue Trends and Assumptions**

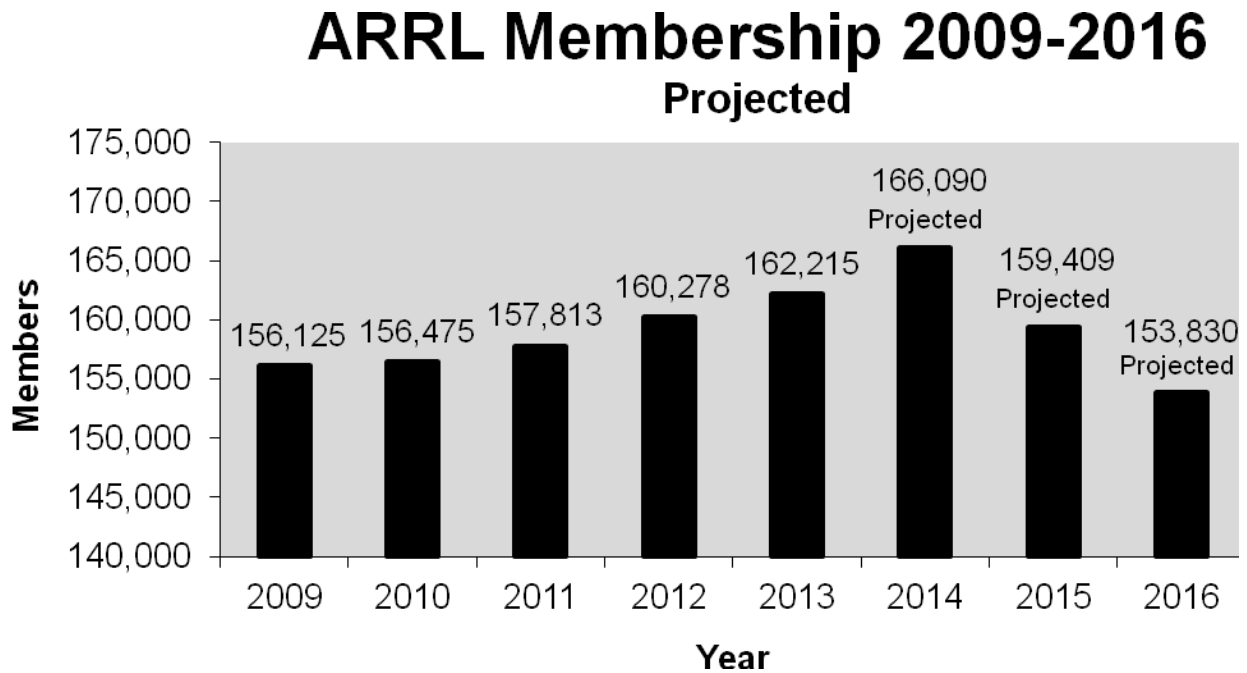
While the programs and activities of the organization are the most important component of our mission, how to raise and allocate the resources necessary to carry out those activities is of critical importance as well. It is also important to describe the underlying assumptions we've used in estimating the revenues from the major sources in the coming year.

## **Membership and Dues**

As noted above one of, if not THE most important assumption for the coming year is the implementation of a term dues increase. And, as a result of our current By Laws, it will also increase the Life Member dues rate as well. Not to overstate the case, but it will be 14 years since the last major dues increase for the organization and, in hindsight, this is too long a timeframe. We do understand that, in the short term, this will decrease the membership as we've always seen a decrease for 2-3 years after the implementation of an increase but have always rebounded and grown the membership to higher levels post the drop in membership. For a dues increase of \$10 annually, we are estimating a drop over the next two years as indicated in this



exhibit (Again, please note that the bottom of the graph is not zero, so the rate of growth can appear exaggerated.):



Even with a dues increase of the magnitude presented in these financial projections, total earned dues are projected to be \$6.0 million in the coming year, about \$100,000 more than expected in 2014. True growth comes in 2016 when the dues increase will be in place for a full 12 months.

#### Publication Sales

Publication sales revenues are projected to increase slightly to \$3.65 million in the coming year and fall very slightly in 2016. New product offerings will be limited in 2015 with only four brand new titles. In addition, we plan to offer a QST Commemorative Telegraph Key similar to the Centennial keys offered in 2014. We are also projecting decreased sales in some of our more popular categories such as the Handbook and Repeater Directory products. This is not surprising in the Handbook category after the success of the Centennial edition of the *ARRL Handbook* in late 2013 and 2014.

Based on our expectations for similar new licensee statistics in 2015 that we saw in 2014, sales of the *Ham Radio License Manual* are projected to increase in the coming year. This coupled with the introduction of a new question pool and *General Class License Manual* both contribute to revenue increases in these categories of titles in the coming year. We are also expecting to see an increase in sales in the Membership Supply category, one category that did very well in 2014.

We will continue to market our publications and products across many different channels including direct mail, printed catalogs, e-mail solicitations and new product bulletins, the web

site and other publishing platforms. We will continue to sell through a mix of retail and wholesale channels. As noted earlier, there is a trend on the wholesale side of the sales operation for more sales to be concentrated in three or four large sales organizations, Amazon being the largest. This may or may not prove to be beneficial in the future as we lose sales from the traditional brick-and-mortar outlets that used to be the model in Amateur Radio.

Total sales revenues are projected to be \$3.65 million in 2015 but, just as importantly as mentioned earlier, the gross margin (total revenues less direct expenses) is less than in prior years which reduces the contribution to covering other program and service expenditures.

### **Advertising Revenues**

Our expectations for revenues generated from the sale of advertising across all the various platforms offered by the ARRL is that we will see a drop of about \$120,000 from the level expected for 2014. This is primarily the result of the action in late 2014 by Yaesu to significantly scale back its advertising commitment to the organization. While the loss of the Yaesu commitment represents a more significant overall decrease, the Business Services Group will be able to make up some, but not all of the loss. Obviously, losing an advertising commitment of this size is unsettling, to say the least. It also indicates how sensitive our overall bottom line can be to large, individual companies and their decisions. We are also planning to create additional advertising opportunities on the Logbook of the World web pages which we feel are prime “real estate” and in demand. Also, additional space will be provided in ARRL newsletters to create more possible revenue opportunities. These are some of the ways that will be implemented to help blunt the impact of losing Yaesu.

Total advertising revenues for 2015 are projected to be \$2.45 million, a decrease of almost 5% over what was originally expected for 2014.

### **Voluntary Contributions**

Voluntary contributions have been and are projected to be a continuing, significant source of revenues for the ARRL. There is a small but loyal core of donors to the organization, made up almost entirely of members, who provide a large percentage of our donations each year. With the Second Century Campaign ending in 2014, we will focus all our development efforts on our more traditional sources of contributions, attempting to both expand the base somewhat and, at the same time, be more efficient in the raising of moneys for the organization. We made the decision not to promote the W1AW endowment in 2014, in a year we would normally have one, so it wouldn't divert attention from the Second Century Campaign. Now that that campaign is finished, we will have a campaign to raise additional funds for the W1AW endowment. This will be in addition to our annual campaigns for the Defense of Frequencies Fund, Education and Technology Fund and the ARRL Diamond Club. We will continue to refine our fundraising efforts to improve the yield for the campaigns.

Total gross contributions used to offset related program expenses in 2015 are projected to be \$1.14 million, slightly more than the prior year, based mostly on the good results we've achieved in the Diamond Club and other miscellaneous donations.

## **Program Fees**

Activity levels for most programs are expected to remain the same as in 2014, although these were generally higher than we had initially anticipated. This, and the proposed fee increases in the Awards area account for the overall increase in Program Fees in 2015. As a separate item, we are projecting that we will earn \$454,000 in fees (gross) in 2015 from fulfillment of the awards for the Centennial operating events. We expect some of that to extend into 2016 as well and, as mentioned above in this report, we have included the appropriate level of expenses to complete this project.

In total, exclusive of the Centennial events, total Program Fees are projected to be approximately \$1.12 million in both of the next two years.

## **Summary**

Overall, our focus in 2015 will be to solidify the organization's finances for the future while completing some very important operational tasks as noted above. This will involve the implementation of the proposed dues increase as well as taking a critical look at overall spending in every area and improving margins where available. Gathering the data for, and beginning the process of, updating the organization's strategic plan is part of the effort for looking into the future as we expect there to be significant changes for the organization to face in the coming years.

## **Capital Expenditures**

Total capital expenditures being proposed for 2015 total \$201,350. \$100,000 of the proposal is to replace the obsolete phone system building wide. In addition, there is approximately \$25,000 proposed for computer equipment to meet our replacement goals and add an additional firewall for increased security.

Also included in the capital plan is \$13,300 for replacement equipment for W1AW and \$13,300 for a new addressing and barcode printer for the mailroom.

And finally, there is a total of \$50,000 for three software development projects by contractors:  
\$20,000 for a new Repeater Database  
\$10,000 for Online Exam Generating Software and VEC Portal Enhancements  
\$20,000 to upgrade the Contest Logging and Scoring Access Database

## **Staffing**

The 2015 Plan proposes a staff complement of 102 full and part-time employees which is two positions less than the prior year. This represents a total of 97 Full Time Equivalent (FTE) positions, a reduction of 1 FTE from 2014. It should be noted, however, that 2 part-time positions in the plan are temporary positions for 20 hours per week for 35 weeks to aid in the processing of the Centennial Awards.

## Risks and Opportunities

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

1. **Bottom line** – As mentioned in the 2014 Plan, any time we begin the year projecting a loss from operations, this increases the risk. The goal will be to limit the loss with careful expense management throughout the year. Raising the dues rate is not an action we propose lightly but, as we noted earlier, it has been too long and it is essential to the longer term financial stability of the organization. Without it, we will need to eliminate or severely reduce certain programs and services, not something we want to do at this point in the organization's history.
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 and the 2014 mid-term elections are not likely to make the working relationship between Congress and the Administration any better. We can expect at least two more years of economic policy gridlock which will have to be navigated.
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.
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 poor economy, the condition of the market for print advertising and the issues facing the Amateur Radio industry overall. It is compounded in this Plan because of the dramatic reduction by one major advertiser and the impact it had on the organization's bottom line.
6. **Strategic Planning** – As discussed previously in the Administration & Finance Committee, coming out of our Centennial Year we will need to make a serious effort at strategic planning. In 2015 we need to implement the conclusions from the survey that should update our understanding of the Amateur Radio community and the interests and needs of our members and prospective members going forward in the future.

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>2015</b>				
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<b>Actual</b>	<b>Plan</b>	<b>Plan</b>	<b>Plan</b>
<b>REVENUES</b>	<b>\$13,855,351</b>	<b>\$13,812,000</b>	<b>\$14,257,000</b>	<b>\$14,693,000</b>
<b>EXPENSES</b>	<b>10,564,562</b>	<b>10,669,000</b>	<b>11,448,000</b>	<b>11,387,000</b>
<b>NET AVAILABLE INCOME</b>	<b>3,290,789</b>	<b>3,143,000</b>	<b>2,809,000</b>	<b>3,307,000</b>
<b>MEMBER PROGRAM</b>				
<b>EXPENDITURES</b>	<b>4,001,836</b>	<b>4,176,000</b>	<b>4,174,000</b>	<b>4,152,000</b>
<b>SUB-TOTAL</b>	<b>(711,047)</b>	<b>(1,032,000)</b>	<b>(1,365,000)</b>	<b>(845,000)</b>
<b>CONTRIBUTIONS</b>	<b>946,506</b>	<b>1,080,000</b>	<b>1,135,000</b>	<b>1,126,000</b>
<b>INCOME FROM OPERATIONS</b>	<b>235,459</b>	<b>48,000</b>	<b>(230,000)</b>	<b>281,000</b>
<b>SECOND CENTURY CAMPAIGN</b>	<b>(182,464)</b>	<b>(331,000)</b>	<b>-</b>	<b>-</b>
<b>2014 NATIONAL CONVENTION</b>	<b>(4,863)</b>	<b>(89,000)</b>	<b>-</b>	<b>-</b>
<b>GAIN/(LOSS) ON INVESTMENT</b>	<b>204,430</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET EXCESS (DEFICIT)</b>	<b>\$ 252,562</b>	<b>\$ (372,000)</b>	<b>\$ (230,000)</b>	<b>\$281,000</b>

<b>AMERICAN RADIO RELAY LEAGUE, INC.</b>				
<b>INCOME</b>				
<b>2015</b>				
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<b>Actual</b>	<b>Plan</b>	<b>Plan</b>	<b>Plan</b>
<b>REVENUES</b>	<b>\$ 13,855,351</b>	<b>\$ 14,041,000</b>	<b>\$14,257,000</b>	<b>\$14,693,000</b>
Product Sales	3,856,617	3,588,000	3,645,000	3,610,000
QST and Magazines	232,408	248,000	205,000	195,000
Advertising	2,594,067	2,573,000	2,453,000	2,552,000
Membership Dues	5,785,794	5,875,000	5,995,000	6,703,000
Program Fees	1,014,877	1,069,000	1,099,000	1,113,000
Interest/Dividends	232,325	249,000	276,000	290,000
2014 Convention Revenue	-	228,000	-	-
Centennial Activities	-	85,000	454,000	100,000
Other	139,263	126,000	130,000	130,000
<b>EXPENSES</b>	<b>\$ 10,751,889</b>	<b>\$ 11,317,000</b>	<b>\$ 11,448,000</b>	<b>\$ 11,387,000</b>
Product Sales	2,844,543	2,700,000	2,787,000	2,802,000
QST and Magazines	2,746,465	2,765,000	2,728,000	2,821,000
Advertising	256,556	270,000	272,000	282,000
Membership Dues	902,307	964,000	979,000	1,014,000
Investment Expenses	-	-	1,000	1,000
2014 Convention Expenses	4,863	317,000	-	-
Centennial Activities	-	87,000	361,000	42,000
Support:	<b>\$ 3,997,155</b>	<b>\$4,213,000</b>	<b>\$4,319,000</b>	<b>\$4,424,000</b>
Administration	847,221	917,000	898,000	925,000
Development/Fundraising	362,809	347,000	401,000	407,000
Second Century Campaign	182,464	331,000	-	-
Controller	863,968	874,000	949,000	973,000
Information Technology	916,578	1,157,000	1,316,000	1,343,000
Administrative Services	250,747	264,000	234,000	239,000
Personnel	23,653	16,000	16,000	16,000
Change in Payroll Accrual	67,728	(212,000)	(1,000)	1,000
Building	481,987	518,000	507,000	520,000
<b>NET AVAILABLE INCOME</b>	<b>\$ 3,103,462</b>	<b>\$ 2,724,000</b>	<b>\$2,809,000</b>	<b>\$3,307,000</b>
Product Sales	1,012,074	887,000	858,000	808,000
QST and Magazines	(2,514,057)	(2,517,000)	(2,524,000)	(2,626,000)
Advertising	2,337,511	2,303,000	2,181,000	2,270,000
Membership Dues	4,883,487	4,911,000	5,016,000	5,689,000
Program Fees	1,014,877	1,069,000	1,099,000	1,112,000
Investment Income	232,325	249,000	275,000	289,000
2014 Convention	(4,863)	(89,000)	-	-
Centennial Activities	-	(2,000)	93,000	58,000
Other and Support	(3,857,892)	(4,087,000)	(4,190,000)	(4,294,000)

<b>AMERICAN RADIO RELAY LEAGUE, INC.</b>				
<b>SPENDING</b>				
<b>2015</b>				
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<b>Actual</b>	<b>Plan</b>	<b>Plan</b>	<b>Plan</b>
<b>MEMBER PROGRAM</b>				
<b>EXPENDITURES</b>	<b><u>\$4,001,836</u></b>	<b><u>\$4,176,000</u></b>	<b><u>\$4,174,000</u></b>	<b><u>\$4,152,000</u></b>
<b>Advocacy</b>	<b><u>\$858,777</u></b>	<b><u>\$918,000</u></b>	<b><u>\$965,000</u></b>	<b><u>\$879,000</u></b>
Washington	648,083	634,000	641,000	597,000
International/IARU	143,403	144,000	189,000	143,000
Public Relations	67,291	141,000	135,000	140,000
<b>Membership/Vol Programs</b>	<b><u>\$1,696,271</u></b>	<b><u>\$1,770,000</u></b>	<b><u>\$1,773,000</u></b>	<b><u>\$1,819,000</u></b>
Administration	259,378	273,000	277,000	286,000
Contest	117,107	155,000	166,000	173,000
DXCC/Awards	507,621	538,000	492,000	500,000
QSL Bureau	85,136	93,000	99,000	101,000
W1AW	132,998	148,000	147,000	152,000
Field Services	317,815	284,000	307,000	316,000
Emergency Preparedness & Response	158,691	156,000	160,000	166,000
Section Expenses	117,525	124,000	126,000	126,000
<b>Educational Programs</b>	<b><u>\$271,444</u></b>	<b><u>\$306,000</u></b>	<b><u>\$263,000</u></b>	<b><u>\$268,000</u></b>
Education Services	140,267	131,000	110,000	113,000
Educ & Technology	131,177	175,000	152,000	155,000
<b>VEC</b>	<b><u>\$390,286</u></b>	<b><u>\$405,000</u></b>	<b><u>\$404,000</u></b>	<b><u>\$409,000</u></b>
<b>LAB</b>	<b><u>\$421,695</u></b>	<b><u>\$437,000</u></b>	<b><u>\$434,000</u></b>	<b><u>\$439,000</u></b>
<b>Governance</b>	<b><u>\$363,363</u></b>	<b><u>\$339,000</u></b>	<b><u>\$337,000</u></b>	<b><u>\$337,000</u></b>
Divisions	114,567	113,000	115,000	115,000
Officers	25,367	40,000	35,000	35,000
Board Meetings	154,847	117,000	112,000	112,000
Committees	68,582	70,000	75,000	75,000



<b>AMERICAN RADIO RELAY LEAGUE, INC.</b>				
<b>CONTRIBUTIONS / INVESTMENT ACTIVITY</b>				
<b>2015</b>				
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<b>Actual</b>	<b>Plan</b>	<b>Plan</b>	<b>Plan</b>
<b>CONTRIBUTIONS AND SUPPORT</b>	<b><u>\$946,506</u></b>	<b><u>\$1,080,000</u></b>	<b><u>\$1,135,000</u></b>	<b><u>\$1,126,000</u></b>
<b>Unrestricted</b>	<b><u>\$352,990</u></b>	<b><u>\$410,000</u></b>	<b><u>\$437,000</u></b>	<b><u>\$447,000</u></b>
Diamond Club	302,777	310,000	325,000	335,000
Miscellaneous	50,213	100,000	112,000	112,000
Member Loyalty	2,058	-		
<b>Donor-Restricted: "Uses"</b>	<b><u>\$593,516</u></b>	<b><u>\$670,000</u></b>	<b><u>\$698,000</u></b>	<b><u>\$679,000</u></b>
Capital Campaign Earnings	<u>\$56,962</u>	<u>\$55,000</u>	<u>\$65,000</u>	<u>\$70,000</u>
Defense:	<u>\$295,595</u>	<u>\$350,000</u>	<u>\$350,000</u>	<u>\$350,000</u>
Advocacy	239,723	298,000	291,000	290,000
Fundraising	55,872	52,000	60,000	60,000
Education & Technology:	<u>\$157,165</u>	<u>\$199,000</u>	<u>\$181,000</u>	<u>\$184,000</u>
Program	131,162	167,000	153,000	155,000
Fundraising	26,003	31,000	29,000	29,000
W1AW Endowment	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Legal Research & Resources	<u>\$15,607</u>	<u>\$7,000</u>	<u>\$7,000</u>	<u>\$7,000</u>
Lab Fund	<u>\$0</u>	<u>\$10,000</u>	<u>\$0</u>	<u>\$0</u>
Preservation of Artifacts	<u>\$723</u>	<u>\$0</u>	<u>\$8,000</u>	<u>\$8,000</u>
W1AW	<u>\$9,956</u>	<u>\$9,000</u>	<u>\$47,000</u>	<u>\$20,000</u>
Ham Aid	<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>
E. Smith Earnings	<u>\$40,000</u>	<u>\$40,000</u>	<u>\$40,000</u>	<u>\$40,000</u>
Colvin Award	<u>\$15,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Star Technology Fund	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Project Goodwill	<u>\$2,508</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>GAIN/(LOSS) ON SALE OF INVESTMENTS</u></b>	<b><u>\$204,430</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>2015 Plan</b>				
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<b>Actual</b>	<b>Plan</b>	<b>Plan</b>	<b>Plan</b>
<b>RECONCILIATION BY TOTALS</b>				
<b>REVENUES</b>				
PUBLICATIONS & PRODUCTS	\$ 3,856,617	\$ 3,588,000	\$ 3,645,000	\$ 3,610,000
ADVERTISING	2,594,067	2,573,000	2,453,000	2,552,000
DUES & SUBSCRIPTIONS	6,018,202	6,123,000	6,199,000	6,898,000
PROGRAM & SERVICE FEES	1,014,877	1,154,250	1,554,000	1,213,000
INVESTMENT INCOME	436,755	249,000	276,000	290,000
CONTRIBUTIONS & SUPPORT	946,506	1,080,000	1,135,000	1,126,000
2014 NATIONAL CONVENTION	0	228,000	0	0
OTHER	139,263	126,000	130,000	130,000
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<b>TOTAL REVENUES</b>	<b>15,006,287</b>	<b>15,121,250</b>	<b>15,392,000</b>	<b>15,819,000</b>
<b>DIRECT COSTS</b>				
PUBLICATIONS & PRODUCTS	1,736,422	1,562,000	1,652,000	1,622,000
MEMBERSHIP & SUBS	2,140,250	2,188,000	2,161,000	2,236,000
ADVERTISING	0	1,000	0	0
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<b>TOTAL DIRECT COSTS</b>	<b>3,876,672</b>	<b>3,751,000</b>	<b>3,813,000</b>	<b>3,858,000</b>
<b>ADMINISTRATIVE EXPENSES</b>				
HEADQUARTERS	10,396,170	11,279,000	11,347,000	11,219,000
BOARD OF DIRECTORS, OFFICERS & COMMITTEES	363,364	340,000	337,000	337,000
SECTION LEVEL	117,519	124,000	126,000	126,000
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<b>TOTAL ADMIN EXPENSES</b>	<b>10,877,053</b>	<b>11,743,000</b>	<b>11,809,000</b>	<b>11,681,000</b>
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<b>TOTAL EXPENSES</b>	<b>14,753,725</b>	<b>15,494,000</b>	<b>15,622,000</b>	<b>15,538,000</b>
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<b>NET EXCESS (DEFICIT) FROM OPERATIONS</b>	<b>\$ 252,562</b>	<b>\$ (372,750)</b>	<b>\$ (230,000)</b>	<b>\$ 281,000</b>
	=====	=====	=====	=====

<b>American Radio Relay League</b>				
<b>Detailed Income Statement</b>				
<b>2015 Plan</b>				
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<b>Actual</b>	<b>Plan</b>	<b>Plan</b>	<b>Plan</b>
<b>REVENUES:</b>				
<b>PUBLICATION AND PRODUCT SALES:</b>				
ARRL Handbook	\$ 822,133	\$ 557,000	\$ 474,000	\$ 480,000
Repeater Directory	183,377	195,000	185,000	185,000
Ham Radio License Manual	472,222	455,000	479,000	479,000
Training Aids	386,307	400,000	434,000	480,000
Non-ARRL Publications	179,336	184,000	183,000	183,000
Royalty Items	221,528	216,000	206,000	207,000
Other Books	821,653	862,000	899,000	900,000
RSGB	72,655	76,000	74,000	75,000
Other Pubs/Product Sales	4,893	0	0	0
Membership Supplies	208,666	225,000	300,000	215,000
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	3,372,770	3,170,000	3,235,000	3,204,000
Apparel Commissions	4,166	3,000	3,000	3,000
Other Products: Publishing Rights	10,573	13,000	9,000	9,000
On-line Courses	21,955	22,000	16,000	16,000
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	36,694	38,000	28,000	28,000
Postage/Handling Fees	459,662	416,000	414,000	410,000
Sales Returns and Allow.	(12,509)	(36,000)	(32,000)	(32,000)
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<b>TOTAL PUBLICATION &amp; PRODUCT SALES</b>	<b>3,856,617</b>	<b>3,588,000</b>	<b>3,645,000</b>	<b>3,610,000</b>

<b>American Radio Relay League</b>				
<b>Detailed Income Statement</b>				
<b>2015 Plan</b>				
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<b>Actual</b>	<b>Plan</b>	<b>Plan</b>	<b>Plan</b>
<b>ADVERTISING:</b>				
QST	2,297,641	2,269,000	2,143,000	2,230,000
QST Specialty	63,381	64,000	60,000	61,000
Electronic Advertising	46,188	42,000	42,000	42,000
Ham Ads	9,455	8,000	8,000	8,000
QEX	11,060	10,000	11,000	11,000
NCJ	12,308	11,000	12,000	12,000
WEB Banners	56,601	58,000	60,000	62,000
LoTW Banner Ads	-	-	18,000	24,000
All Other Advertising	97,433	111,000	99,000	102,000
<b>TOTAL ADVERTISING</b>	<b>2,594,067</b>	<b>2,573,000</b>	<b>2,453,000</b>	<b>2,552,000</b>
<b>REVENUES:</b>				
<b>MEMBERSHIP DUES AND SUBSCRIPTIONS</b>				
Term Membership Dues	\$ 5,277,306	\$ 5,366,000	\$ 5,484,000	\$ 6,192,000
Life Membership Dues	508,488	508,000	511,000	511,000
QST: Dealer	15,647	14,000	16,000	16,000
QEX Subscriptions	166,558	181,000	144,000	135,000
NCJ Subscriptions	50,203	54,000	45,000	45,000
<b>TOTAL DUES &amp; SUBSCRIPTIONS</b>	<b>6,018,202</b>	<b>6,123,000</b>	<b>6,199,000</b>	<b>6,898,000</b>

<b>American Radio Relay League</b>				
<b>Detailed Income Statement</b>				
<b>2015 Plan</b>				
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<b>Actual</b>	<b>Plan</b>	<b>Plan</b>	<b>Plan</b>
<b>PROGRAMS &amp; SERVICE FEES</b>				
QSL Bureau Service	51,499	58,000	57,000	58,000
DXCC Fees and Receipts	474,156	528,000	547,000	550,000
Centennial DXCC Fees and Receipts	-	85,250	455,000	100,000
CQ Revenue	30,161	28,000	23,000	24,000
Contest Fees	18,334	21,000	24,000	47,000
Lab Fees	489	1,000	1,000	1,000
Volunteer Exam Fees	425,929	418,000	434,000	419,000
IARP Fees	3,204	2,000	2,000	2,000
Vanity Renewal Fees	9,115	11,000	11,000	11,000
Non-Member FCC changes	1,990	2,000	2,000	2,000
	-----	-----	-----	-----
<b>TOTAL FEES</b>	<b>1,014,877</b>	<b>1,154,250</b>	<b>1,554,000</b>	<b>1,213,000</b>

<b>American Radio Relay League</b>				
<b>Detailed Income Statement</b>				
<b>2015 Plan</b>				
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<b>Actual</b>	<b>Plan</b>	<b>Plan</b>	<b>Plan</b>
<b>INVESTMENT INCOME</b>				
Interest/Dividend Income	232,325	249,000	276,000	290,000
Gain/(Loss) from Sale of Investments	204,430	-	-	-
	-----	-----	-----	-----
<b>TOTAL INVESTMENT INCOME</b>	<b>436,755</b>	<b>249,000</b>	<b>276,000</b>	<b>290,000</b>
<b>CONTRIBUTIONS &amp; SUPPORT</b>				
Contributions - Unrestricted	\$ 48,155	\$ 100,000	\$ 112,000	\$ 112,000
Contributions - Diamond Club	302,777	310,000	325,000	335,000
Contributions - Member Loyalty	2,058	0	0	0
Contributions - Restricted	593,516	670,000	698,000	679,000
	-----	-----	-----	-----
<b>TOTAL CONTRIBUTIONS &amp; SUPPORT</b>	<b>946,506</b>	<b>1,080,000</b>	<b>1,135,000</b>	<b>1,126,000</b>
<b>TOTAL 2014 NATIONAL CONVENTION</b>	<b>0</b>	<b>228,000</b>	<b>0</b>	<b>0</b>
<b>OTHER REVENUES</b>				
Royalties	8,738	8,000	9,000	9,000
Affinity Credit Card	38,413	41,000	42,000	44,000
Insurance Commission	22,858	14,000	14,000	14,000
Affinity Insurance Royalty	5,946	6,000	7,000	7,000
Misc. Other Income	63,308	58,000	58,000	56,000
	-----	-----	-----	-----
<b>TOTAL OTHER REVENUES</b>	<b>139,263</b>	<b>126,000</b>	<b>130,000</b>	<b>130,000</b>
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<b>American Radio Relay League</b>				
<b>Detailed Income Statement</b>				
<b>2015 Plan</b>				
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<b>Actual</b>	<b>Plan</b>	<b>Plan</b>	<b>Plan</b>
<b>DIRECT COSTS:</b>				
<b>DIRECT COSTS OF PUBLICATIONS &amp; PRODUCTS:</b>				
ARRL Handbook	\$ 226,828	\$ 145,000	\$ 128,000	\$ 130,000
Repeater Directory	57,392	68,000	62,000	62,000
Ham Radio License Manual	57,021	59,000	72,000	72,000
Training Aids	55,122	72,000	72,000	79,000
Non-ARRL Publications	118,748	123,000	123,000	123,000
Royalty Items	93,918	99,000	101,000	101,000
Other Books	207,157	215,000	207,000	207,000
RSGB	50,224	48,000	53,000	53,000
Other Pubs/Product COGS	4,397	0	0	0
Membership Supplies	83,508	90,000	126,000	90,000
On-line Course Expense	6,041	8,000	4,000	4,000
e-Book Expenses	500	0	0	0
Publications Forwarding Expense	625,068	507,000	574,000	569,000
Advertising/Promotion Expense	8,590	3,000	3,000	3,000
In-House Pub Use	101,800	99,000	105,000	105,000
Obsolete Inventory	40,108	24,000	24,000	24,000
	-----	-----	-----	-----
<b>TOTAL DIRECT PUBLICATION &amp; PRODUCT SALES</b>	<b>1,736,422</b>	<b>1,562,000</b>	<b>1,652,000</b>	<b>1,622,000</b>

<b>American Radio Relay League</b>				
<b>Detailed Income Statement</b>				
<b>2015 Plan</b>				
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<b>Actual</b>	<b>Plan</b>	<b>Plan</b>	<b>Plan</b>
<b>DIRECT COSTS OF MEMBERSHIPS AND SUBSCRIPTIONS:</b>				
QST Publication Expense	\$ 1,047,223	\$ 1,092,000	\$ 1,095,000	\$ 1,185,000
QST Insertion Costs	26,617	34,000	24,000	24,000
QST Forwarding Expense	921,897	909,000	897,000	899,000
QST Electronic Production Exp.	31,204	28,000	31,000	31,000
QEX Publication Expense	40,932	42,000	36,000	37,000
QEX Forwarding Expense	31,330	36,000	31,000	15,000
NCJ Publication Expense	25,320	31,000	31,000	28,000
NCJ Forwarding Expense	15,727	16,000	17,000	17,000
	-----	-----	-----	-----
<b>TOTAL DIRECT MEMBERSHIP &amp; SUBSCRIPTION COSTS</b>	<b>2,140,250</b>	<b>2,188,000</b>	<b>2,161,000</b>	<b>2,236,000</b>
<b>DIRECT COSTS OF ADVERTISING:</b>				
Client On-line Services	0	1,000	-	-
	-----	-----	-----	-----
<b>TOTAL DIRECT ADVERTISING COSTS</b>	<b>0</b>	<b>1,000</b>	<b>0</b>	<b>0</b>



<b>American Radio Relay League</b>				
<b>Detailed Income Statement</b>				
<b>2015 Plan</b>				
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<b>Actual</b>	<b>Plan</b>	<b>Plan</b>	<b>Plan</b>
<b>HEADQUARTERS OPERATIONS:</b>				
Salaries Regular	\$ 5,392,013	\$ 5,539,000	\$ 5,645,000	\$ 5,754,000
Salaries Overtime	48,079	41,000	30,000	31,000
Commissions and Bonuses	15,100	15,000	15,000	15,000
Employee Recognition /Awards	7,788	8,000	8,000	8,000
Temporary Employees	7,283	0	0	0
Employee Benefits	1,474,071	1,543,000	1,567,000	1,650,000
Employee Relocation	0	0	0	0
Recruiting Advertising	3,126	0	0	0
Legal and Professional	120,974	108,000	114,000	114,000
Accounting/Audit Fees	51,825	43,000	40,000	41,000
Other Consultants	237,222	335,000	264,000	249,000
Education Grants	6,590	6,000	5,000	5,000
Promotional Materials	612	7,000	4,000	6,000
Donor Recognition	42,180	62,000	43,000	45,000
Office Supplies	83,799	64,000	73,000	71,000
Stationery/Printing/Forms	316,848	422,000	449,000	353,000
Exhibit Expense	46,980	110,000	53,000	65,000
Banquet Expense	0	65,000	0	0
Expensed Equipment/Furniture	18,103	33,000	29,000	28,000
Computer Supplies	28,401	25,000	27,000	30,000
Purchased Software Packages	7,208	3,000	9,000	14,000
Telephone	40,510	42,000	28,000	19,000
Internet/ISP/Electronic Mail	26,694	28,000	30,000	29,000
ARRL.net	32,597	32,000	39,000	39,000
Postage	638,283	754,000	780,000	716,000
Dues and Subscriptions	38,590	40,000	43,000	47,000
IARU Dues	49,578	51,000	51,000	51,000
Business Travel	118,735	195,000	117,000	137,000
Overseas Travel	163,610	160,000	212,000	150,000
Member Contact Travel	48,182	41,000	39,000	42,000
Program Travel	42,726	66,000	67,000	67,000

<b>American Radio Relay League</b>				
<b>Detailed Income Statement</b>				
<b>2015 Plan</b>				
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<b>Actual</b>	<b>Plan</b>	<b>Plan</b>	<b>Plan</b>
Utilities	\$ 121,657	\$ 128,000	\$ 127,000	\$ 131,000
Insurance	102,439	113,000	112,000	115,000
Property Taxes	118,350	118,000	122,000	125,000
Building Maintenance	122,874	144,000	132,000	135,000
Computer Maintenance	21,610	24,000	39,000	42,000
Maintenance of Equipment	43,823	65,000	57,000	56,000
Rent/Leased - Equipment	62,908	142,000	69,000	69,000
Rent/Leased - Storage	51,739	51,000	51,000	51,000
Rent/Leased - Office Space	25,956	27,000	16,000	-
Vehicle Expenses	981	2,000	2,000	2,000
Overseas QSL Service	26,073	28,000	28,000	29,000
Awards Expense	92,215	100,000	237,000	103,000
CQ Expense	9,108	9,000	7,000	7,000
W1AW Station Expense	1,733	4,000	4,000	4,000
Product Review Expense	8,149	5,000	6,000	7,000
Lab Expense	8,343	6,000	6,000	6,000
Payroll Processing	7,693	8,000	10,000	10,000
Bank Service Charges	22,731	26,000	26,000	27,000
Credit Card Fees	217,203	217,000	226,000	228,000
Credit and Collections	554	2,000	1,000	1,000
Bad Debt Expense	19,290	9,000	9,000	9,000
Other Taxes and Permits	2,294	1,000	1,000	1,000
Depreciation and Amortization	198,784	206,000	276,000	285,000
Miscellaneous	1,956	8,000	1,000	1,000
	-----	-----	-----	-----
<b>TOTAL HEADQUARTERS OPERATIONAL EXPENSES</b>	<b>10,396,170</b>	<b>11,279,000</b>	<b>11,347,000</b>	<b>11,219,000</b>

<b>American Radio Relay League</b>				
<b>Detailed Income Statement</b>				
<b>2015 Plan</b>				
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<b>Actual</b>	<b>Plan</b>	<b>Plan</b>	<b>Plan</b>
<b>BOARD of DIRECTORS, OFFICERS &amp; COMMITTEES:</b>				
Divisions	\$ 114,568	\$ 113,000	\$ 115,000	\$ 115,000
President and Officers	25,367	40,000	35,000	35,000
BOD Meetings	154,847	117,000	112,000	112,000
Committees	68,582	70,000	75,000	75,000
	-----	-----	-----	-----
	363,364	340,000	337,000	337,000
Section Level Administrative Exp.	117,519	124,000	126,000	126,000
	-----	-----	-----	-----
<b>TOTAL BOARD of DIRECTORS, OFFICERS &amp; COMMITTEES:</b>	<b>480,883</b>	<b>463,000</b>	<b>462,000</b>	<b>462,000</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 2015.

## 3. Products and Services

### A. Membership Retention and Recruitment

We predict that by yearend 2014, ARRL will have enjoyed its largest annual increase in membership seen during the last seven years of membership growth. This growth is attributed to many factors including excitement surrounding ARRL's Centennial year, the larger pool of new licensees, and excellent response rates to targeted membership appeals conducted by mail and email. Also, we lost fewer members than forecasted (to date).

The 2015 membership forecast is based on a mid-year dues increase of \$10 to the annual domestic membership rate (from \$39 to \$49). 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 13 years ago—during which membership declined over 6 years; a net loss of 15,465 members. We predict growth from January-June of 0.5% (gain of 833 members) before the dues increase, and a loss from July-December of -4.0% (loss of 7,514 members). The result is a net loss of 6,681 members in 2015. 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.

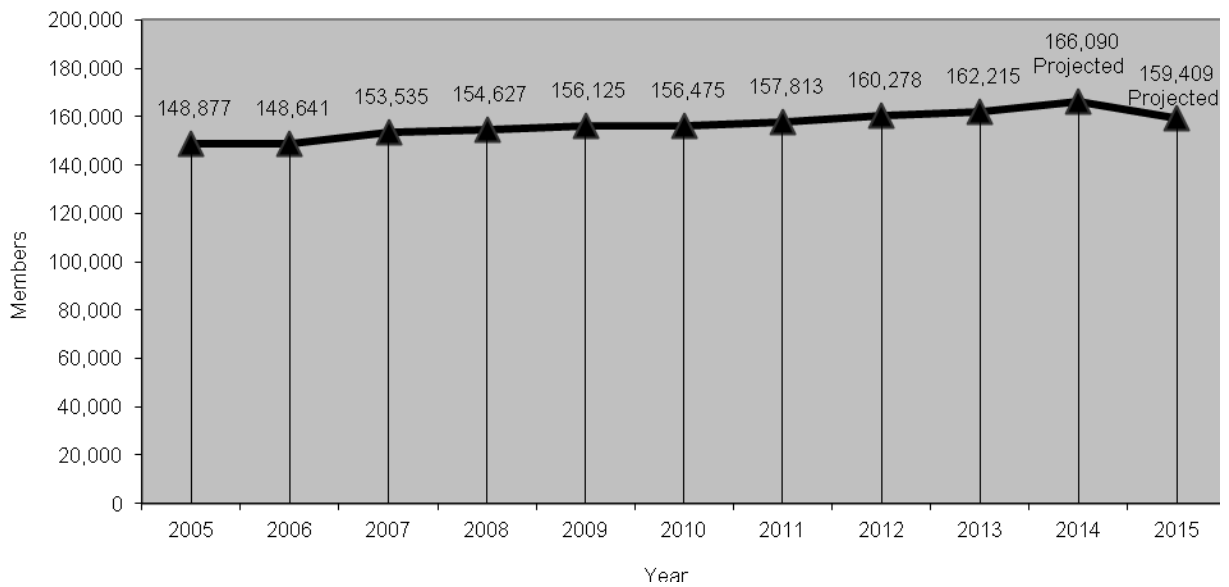
### 2015 Membership Forecast

<b>Year-end 2014</b>	<b>166,090</b>
<b>(projected)</b>	
Projected loss	(35,481)
Projected acquisition	28,800
<b>Year-end 2015</b>	<b><u>159,409</u></b>

### Membership Growth

Year	% growth
2008	.7
2009	1.0
2010	.22
2011	.86
2012	1.56
2013	1.21
2014 (estimate)	2.38
2015 (estimate)	-4.0 (dues increase)

ARRL Membership 2005-2015  
(2014 and 2015 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:

- 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.

- Exploit popular membership benefits and programs, including the digital *QST* benefit and current advocacy efforts, to prospective members and to re-interest lapsed members.
- Exploit the ARRL website as a source of prospective members.
- Membership growth is contingent upon a regular and sustaining source of new licensees.
- Expenses: Inflationary

### Direct Mail

In 2015, 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.

In August 2014, we launched ARRL Exam Review for Ham Radio™ as a companion practice exam and review program for individuals using ARRL License Manuals. While the portion of “solicitable” prospects from the users of this software is currently small, it may prove to be a more substantial source of prospective members as the number of users increases. Preliminary e-mail to this group has returned at a higher rate than some of our direct mail.

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

In 2012, an online form was introduced to the ARRL website to collect contact information from prospective hams requesting information about ARRL and ham radio. The form continues to support a rich source of leads for ARRL membership.

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 2015, we will continue to test and refine mailings to these groups.

## Retention Activities

All printed renewal notices, membership collateral and the website will need to be updated to reflect a dues increase. Our messaging will be carefully honed to help minimize the loss of members.

Special initiatives will be introduced in 2015 to improve the retention rate of first-time members. These efforts may include:

1. Mailing a postcard/letter once a month to first-time members for whom we do not have an e-mail address. We will encourage 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 mailing costs).
2. Sending a welcome letter/e-mail that provides links to local contact information (Field Organization volunteers, radio clubs, and events), outlines membership benefits and possibly offers a special coupon code for publications.
3. Sending an e-mail to first-time Technician licensees encouraging them to “get involved.” The e-mail will link to ways to get involved (local clubs and events, signing up for e-newsletters, volunteer opportunities) and highlight the most relevant benefits of ARRL membership (*QST*, Technical Information Service, publication recommendations, etc.).

## 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. Some of these items were updated in 2014. We will continue to develop new materials as needed and requested. These items are regularly requested by Directors, Vice Directors, Section Managers, club officials, members and staff.

ARRL VE teams continue to effectively use the tear-off pads promoting membership to newly licensed hams at VE exam sessions. Tools for participants of the Teachers Institutes have been developed to help them promote ARRL and ultimately encourage their students to join.



## Exhibits

A substantial organizational presence is organized for the annual Dayton Hamvention®. The centerpiece of our participation is ARRL EXPO, a showcase of ARRL exhibits, activities and program representatives.

- Dayton Hamvention®—Dayton, Ohio, May 15-17, 2015

Our planning for Hamvention includes the following assumptions:

- ~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)
- Youth Activity and/or Youth Dinner

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

In addition to Dayton, we will have an exhibit to promote ARRL membership at the International Exhibition for Radio Amateurs in Germany, June 26-28, 2015 which includes space to promote/serve DXCC and the IARU.

## Affinity Benefit Programs

We will support the existing suite of affinity benefit programs:

- ARRL Visa Signature Card (we earned \$48,397 for the 12 months ending Aug 31, 2014).
- Home & Auto Insurance Program
- ARRL Equipment and Club Liability Insurance Programs
- AmazonSmile (introduced in 2014)

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. Over 1,108 tours were given January-August 2014. These volunteers were instrumental in welcoming over 1,000 members and guests to ARRL Headquarters during the National Centennial Convention in Hartford. 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 2015 publication and product sales forecast is \$3,149,385.

#### **Publication and Product Sales Forecast and History**

2015 forecast \$3,149,385  
 2014 forecast \$3,165,451  
 2013 \$3,379,287

In 2013 (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 – 2015</b>				
	<b>2015</b>	<b>3 Year Average</b>	<b>Sept 2013 to Aug 2014</b>	<b>2013</b>
<b>CLASS 01 HANDBOOK SALES</b>	<b>\$473,529</b>	\$479,751	\$827,368	\$820,685
<b>CLASS 02 REPEATER DIRECTORY</b>	<b>\$184,999</b>	\$162,309	\$181,756	\$179,362
<b>CLASS 03 BEGINNER TRAINING AIDS</b>	<b>\$478,500</b>	\$459,591	\$473,172	\$472,126
<b>CLASS 04 TRAINING AIDS</b>	<b>\$434,405</b>	\$426,483	\$350,433	\$388,766
<b>CLASS 05 OTHER BOOKS</b>	<b>\$899,313</b>	\$897,444	\$754,519	\$834,090
<b>CLASS 07 NON-ARRL PUB SALES</b>	<b>\$182,957</b>	\$182,217	\$180,368	\$179,955
<b>CLASS 08 RSGB</b>	<b>\$74,434</b>	\$85,336	\$68,569	\$72,655
<b>CLASS 12 OTHER BOOKS-ROYALTY</b>	<b>\$206,369</b>	\$252,115	\$213,383	\$226,313
<b>CLASS 32 MEMBERSHIP SUPPLIES</b>	<b>\$215,179</b>	\$204,149	\$469,291	\$209,205
<b>CLASS 33 EDUCATION</b>	<b>\$3,700</b>			
<b>SALES RETURNS AND ALLOWANCES</b>	<b>(\$4,000)</b>		(\$4,535)	(\$3,870)
<b>PUBLICATION &amp; PRODUCT TOTALS:</b>	<b>\$3,149,385</b>	<b>\$3,149,395</b>	<b>\$3,514,323</b>	<b>\$3,379,287</b>

## *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.

### Business Development

A concerted effort will be made in 2015 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 2015, a new General class question pool will be introduced. New editions of General class license study materials will be published in the spring, including *The ARRL General Class License Manual* and *ARRL’s General Q & A*. A CD-ROM will no longer need to be bundled with the license manual since our new online Exam Review program, introduced in 2014, will be promoted as a companion resource.

- 2) New editions of two flagship publications will be introduced in October 2015: The 2016 edition *Handbook* and the 23rd edition *Antenna Book* (the last edition was published in 2011). The books will be introduced together—with promotions treating the books as companion resources. Sales of the *ARRL Handbook* represent 15% of the total 2015 forecast.
- 3) To help reinvigorate interest in the *Repeater Directory* product suite, a mobile device app was introduced in April 2014 for Android devices. A version for Apple devices should be introduced by yearend 2014. The apps are offered as stand-alone digital products, and bundled with the printed books. New editions featuring the 2015-2016 ARRL Repeater Database will be introduced in April 2015.
- 4) The new 2014 publication *Arduino for Ham Radio* should remain among our top selling publications into 2015.
- 5) Book delays and underperforming titles add some uncertainty to sales forecasting. The forecast also assumes new titles will help drive interest for older titles (our long tail).
- 6) 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.

### Other Marketing Activities

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

- Custom awards, specialty products and apparel
- 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.

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

### *Strategies*

Technology: In 2014, a new ordering and fulfillment system was introduced, integrating a handful of existing systems together within the ARRL Information System and introducing new efficiencies to workflow among the fulfillment and warehouse teams. Our warehouse personnel have access to fulfilling orders within moments after an order is placed online—improving the ordering experience for our members and customers. The new system continues to receive some programming attention to complete its originally specified requirements and for additional refinement and debugging.

In 2015, a similar undertaking will involve planning and programming for membership dues transactions. 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).

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, customer service oriented fulfillment strategies. In 2014, we modified our *QST* fulfillment strategy, reducing the expense of mailing some copies of print *QST* outside of the monthly bulk mailing. These changes reduced mailing expenses by nearly \$30,000. In 2015, 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.

#### **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 generates net revenue, but also furthers the educational and other objectives of the organization.

## 2. Staffing Changes

With the departure of our previous staff copyeditor, Kelsey Moore, we hired an in-house replacement. We do not anticipate adding new staff in 2015. 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. *QEX* magazine – we plan to move to a digital version for 2015
- C. *NCJ* magazine
- D. E-Letters: ARRL Letter, Contest Update, ARES E-Letter

New book and CD titles for 2015, including new editions of existing titles: (New Titles available for sale in 2015 are in **bold type**.)

<i>Title</i>	<i>Author</i>	<i>To Press</i>
<i>2014 Periodicals DVD</i>	Shelly Bloom	12/15/2014
<i>Scopes in Your Ham Shack</i>	Paul Danzer	2/1/2015
<i>Propagation and Radio Science</i>	Eric Nichols	3/1/2015
<i>Repeater Directory</i>	Steve Ford	2/15/2015
<i>General Class License Manual</i>	Silver	4/1/2015
<i>General Q&amp;A</i>	Silver	4/1/2015

<i>General Class Instructor Materials</i>	Ward Silver	6/1/2015
<i>TravelPlus CD-ROM</i>	Al Ambrose	4/1/2015
<i>TravelPlus Mobile GPS</i>	Al Ambrose	4/1/2015
<i>DXCC Yearbook</i>	Various	6/1/2015
<i>2016 Handbook</i>	Various	8/1/2015
<i>2016 Calendar</i>	Steve Ford	9/1/2015
<b><i>Amateur Radio in the Rough</i></b>	Sean Kutzko	10/1/2015
<b><i>Your First Workbench</i></b>	Joel Hallas	10/1/2015
<i>Antenna Book, 23rd Edition</i>	Ward Silver	8/1/2015
<i>FCC Rule Book</i>	Dan Henderson	11/1/2015
<i>Antenna Physics</i>	Bob Zavrel	12/1/2015

# BUSINESS SERVICES

## 1. Mission Statement

The Business Services Department is responsible for:

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

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

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

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

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

## 2. Staffing Changes

There are no anticipated staffing changes for 2015.

## 3. Products and Services

### Advertising Sales

Our 2015 goal for advertising revenue is \$2,453,000 which includes a 5% rate increase for QST advertising. In 2014, through August, we were on track to meet our goal of \$2,572,818. However, due to a difference of opinion with ARRL, our number one client pulled the majority of their advertising. In a full year term, this will amount to \$224,000. This type of loss, in a climate of contraction by many companies, is not possible to recoup in a single year.

Prior to that occurrence, during the course of the year (eight months worth of data at this writing), the following scenario played out:



- The number of new advertisers added to the rolls totaled 40, adding \$48,783 in gross sales.
- The number of 2013 advertisers who did not return in 2014 totaled 35, losing \$57,941 in gross sales.
- 62 Advertisers increased their advertising levels by \$125,944.
- 38 Advertisers held to the same levels of advertising in 2014 as they did in 2013.
- 41 Advertisers decreased their advertising by \$160,121. The largest single advertiser decrease took place in September and October totaling \$30,257

Where we make significant gains in one area, we see losses in another. And our challenges this year were considerable:

1. Manufacturers have continued the “no co-op advertising funds”, leaving many dealers to foot their entire advertising budget.
2. We have an aging demographic in our client base. A number of clients, planning on retirement or cutting back, have cancelled, switched display ads to classified advertisements or drastically cut back on the frequency of their advertising.

Our 2015 plans are to continue to seek out new advertisers, work with our present advertisers to maintain and, hopefully, continue to expand their advertising presence and to work with our clients experiencing difficulties to maintain a presence in *QST* and other vehicles. We also have plans to expand our electronic advertising offerings.

### **Publication and Product Wholesale Sales**

During 2014, sales to Amazon.com continued to comprise 48% of our total wholesale book sales, with approximately the same amount of gross revenue as in 2013.

Our other dealers (both mainstream and traditional) have not fared as well. A portion of this is transfer business as many buyers purchased personalized ARRL Handbooks and we attended a greater number of conventions (due to our Centennial) selling books at these events. However, we face a greater problem as brick and mortar stores who have not invested in their infrastructure are foundering.

Our plans for 2015 include working with Marketing and Publications to increase wholesale book sales by formulating plans to sell our products outside of the traditional markets as well as exploring the possibility of creating a number of publications with broader market appeal. We have captured all of the US Mainstream wholesalers as maintaining our traditional market, but these avenues can no longer significantly grow revenue.

# DEVELOPMENT

## The Second Century Campaign

Since the initiation in 2011, the Second Century Campaign (SCC) has brought in \$7,475,857 in gifts and commitments for the ARRL Endowment Fund. As of October, \$2.18M has been received in contributions (cash and stock). Another \$1.3 million from pledges will be received in the next eight years. The balance is due to planned gifts, and will be realized at irregular intervals.

Names will continue to be added to the Major Donor plaques, together with engraved bricks into the Centennial Terrace.

No new solicitations are planned for the SCC.

## Annual Giving – The Diamond Club

The 2015 Diamond Club goal is \$325,000 in unrestricted giving from nearly 2,500 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 wherever gaps or special financial needs appear is an important advantage to the organization.

Emphasis for current members is on retention and increasing their annual giving. Revising and adding low-cost benefits, and producing a new Diamond Club brochure, has effectively retained a large percentage of Diamond Club members from prior years. So far this year, 65% of the approximate 1,800 Diamond Club members were renewals.

Promotional buckslips encouraging Term members to step up to Diamond Club were included in all membership renewal notices this year. The first test, which ran for three months, proved successful: 91 members renewed at the Diamond Club level. These promotional buckslips were continued through the rest of 2014. To date, 258 new Diamond Club members have inducted. Development will work with Circulation to create a new Diamond Club promotional buckslip for 2015.

If an increase in membership dues is introduced in 2015, Development plans to also incrementally increase the amount required to join or renew at the Diamond Club Basic level. The hope is to maintain the amount of unrestricted revenue brought in through the Diamond Club. The cost for Diamond Club Basic level for Life members, currently \$50, will also be increased slightly to correspond with the Term members Diamond Club membership.

As always, The Diamond Terrace remains a very popular benefit for members at the Brass level or higher. Many Centennial Convention visitors were eager to find their brick(s) in the Terrace, which was easily accomplished through a map diagramming all the bricks created in the Development Office in 2013. At the time this plan was written, 187 bricks have been placed in 2014; since the inception of the Terrace, 1,514 bricks have been laid. If a donor wishes to place

a bench, we only have a potential spot for two benches, by the SK monument. After these spots are taken, there will be no additional bench spots available.

### The ARRL Maxim Society

The ARRL Maxim Society honors ARRL donors whose life time contributions to ARRL reach \$10,000. We currently have 169 members in this distinguished group; 35 have been welcomed in 2014 alone. Additionally, 26 members were ‘promoted’ to the next recognition level due to their continued generous contributions to ARRL. The Second Century Campaign was responsible for a number of these Maxim members.

The Maxim Society continues to grow rapidly, and the Development Office often receives calls from donors asking how much more they need to contribute to reach \$10,000. In 2015, the Development Office will look closely at the Maxim benefits and how to restructure the benefits associated with each level. This could be challenging, as the Maxim Society is well-established and many members would be grandfathered into certain benefits. The Development Office continues to be thoughtful in benefits that have the most meaning to members, and are also cost-efficient.

This year, for the first time, 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. For the 2014 Annual Report, the Maxim list will be further refined to list donors alphabetically by level, giving the highest level donors greater recognition.

### 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.

A new Legacy Circle brochure was designed in 2013, and was included in the 150,000 piece Second Century Campaign mailing sent out to all current members in February 2014. Planned giving was an important part of the SCC yield, although the returns may not be realized for some years to come.

Development will continue to look for ways to promote planned giving, possibly through buckslips included with membership cards, 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 2015 requesting to once again participate in the Combined Federal Campaign. The CFC runs concurrently with the United Way Community Campaign and generates close to \$40,000

annually. The CFC, together with other unrestricted gifts, received is estimated to be \$65,000 in 2015.

#### ARRL Funds - The Spectrum Defense Fund

Spectrum Defense Fund has struggled to meet its annual goal for some years now. A strong message, coupled with timely mailings, personalized email solicitations and e-blasts will hopefully yield better return rates. As well, Development will continue to test targeted membership groups.

Rather than two larger mailings, Development plans on four smaller mailings throughout the year to better determine the most lucrative target groups. These mailings will have to be timed with other solicitations so as to not encroach on other funds or saturate donors. As well, Development will test other direct mail 'looks' to determine if there is a more economical and attractive means to reach potential donors.

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

Development hopes to raise \$65,000 to support this fund through a late spring direct mail campaign sent to 50,000 - 75,000 members. An additional \$90,000 is contributed by several major donors to specifically support the Teachers Institute program.

The Dayton Amateur Radio Association (DARA) has generously supported a TI-2 for many years with a grant. In 2014, the grant from DARA was substantially less, although they still generously hosted the TI-2 at their club house. We are in discussions with DARA regarding support in 2015 and hope that the grant will once again be at the higher level.

#### ARRL Funds – W1AW Endowment Fund

The W1AW Endowment is a restricted fund whose earnings may be used for the benefit of the historic Hiram Percy Maxim Memorial Station, W1AW. Earnings may be used for repairs and improvements to the building, replacement of station and transmission equipment, or preservation of historical pieces. The Development Office produces a direct mail solicitation every other year to increase this fund, and a campaign is scheduled for early 2015. The last campaign, mailed in 2012, generated approximately \$55,000. There was no campaign produced in 2014 due to the active pursuit of the Second Century Campaign.

#### 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 2015, 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. This past year, the guest speaker was Matt Severin, N8MS, a professional educator and instructor for ARRL's Education & Technology Program. Matt received a standing ovation. As always, individuals who achieved Maxim Society membership during the previous year were welcomed into the group.

### Staffing

CDO Hobart retired from ARRL after 13 years of dedicated and selfless service. Lauren Clarke, KB1YDD, has been promoted to Development Manager and is overseeing all aspects of the Development Office.

# **CONTROLLER'S OFFICE**

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 2015 we will maintain current staffing levels.

As the Controller's Department moves into 2015 our focus will be on implementing the upgrade to the most current version of Great Plains. This version will allow us to begin the testing of ACH payments to vendors, beginning with Directors and Vice Directors. This upgrade will take place sometime after year end close with the goal of starting the testing process of ACH payments by the end of the second quarter of 2015.

In addition, a cost/benefit study of utilizing PayPal will be conducted.

## **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 2014, through the retirement of a mailroom clerk, we replaced a full time position with a part time position. To date, this staffing level has proved to meet our needs. Therefore, in 2015 we expect to continue with the position as part time.

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, leases for several pieces of mailroom equipment will be expiring in late 2015 and we will be reviewing the mailroom's needs to meet ARRL's goals and the efficiency of newer equipment.

# INFORMATION TECHNOLOGY

The work of the IT Department in 2014 has resulted, so far, in significant progress in reducing the “technical debt” in the Logbook of the World system, upgrades to the hardware supporting this system as well as configuration changes to the Headquarters network infrastructure and completion of several programming projects. The department has also dealt with two major breaches of the Headquarters infrastructure and several malware intrusions.

Projects that are expected to be completed before the end of 2014 include the cutover of the web site to a new hardware platform, implementation of the advertising sales and club modules of the ARRL Information System (AIS) and the award fulfillment work for the Centennial awards.

Development plans for 2015 include a continuation of the strategic direction to migrate from the existing legacy systems at Headquarters (Siebel, DXCC) to the AIS platform and upon completion, retire these legacy systems. While completion of this strategy is planned to take two more years, two of the major pieces — the Membership/Development module of AIS and the DXCC system replacement — are included in our priorities for 2015 listed below.

The organization committed a significant amount of resources to the Logbook of the World system in 2014, including two new developer positions and new hardware. With this commitment we have been able to make substantial progress and will be in a position to begin new development projects for the system in 2015.

On the infrastructure side, we are presenting a set of recommendations intended to improve the security of the Headquarters systems and reduce the possibility of outside intrusions like the ones we’ve seen in 2014.

We have identified the following specific projects for the IT Department in 2015. This is the priority list with which we will begin the year. This does not mean that priorities won’t change or projects can’t be added, but it must be noted that additions to the list will have to be prioritized and will impact the delivery of those projects deemed lower on the priority list.

## ***High Priority Projects:***

1. Membership and Subscription Module in AIS (incl. Development module)
  - a. Web membership application/renewal
  - b. Automatic renewal of membership
  - c. Membership account management
2. Implement new DXCC system
3. Complete programming for the proposed dues increase.
4. As needed, create subscription interface for Digital QEX project.

5. Logbook of the World
  - a. Add a new award(s)
  - b. Improvements to user interface
  - c. Update administration and awards management screens.
6. Upgrade accounting software to current version of MS Dynamics after completion of Advertising module in AIS.
7. Support for the remote web site portal for VEC teams to provide ability to download tests and upload exam session results. Development work to be contracted to outside vendor.
8. Install an additional Cisco firewall to separate our internal network between the externally accessible servers -- such as Logbook and e-mail (Exchange) -- and our end-user desktop computers.
9. Upgrade firewall at the Warehouse.
10. Upgrade the entire McAfee anti-virus/malware protection suite to include Complete Endpoint Protection and Web Security modules.
11. Complete a vulnerability review using an outside consultant.

***Medium Priority Projects:***

1. Education Department module of AIS (likely 2016 completion)
2. Update Contest data base and processing routines. Work to be performed by outside vendor with support for ARRL IT Department.
3. Implement additional security measures
  - (a) Implement McAfee Host Intrusion Prevention software.
  - (b) Implement proposed changes to internal policies related to HQ servers.

***Low Priority Projects***

1. Implement changes to desktop user access policies.
2. 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 resources will be to higher priority projects over lower priority projects but it should be kept in mind that resources are different for programming versus hardware 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 worked on simultaneously.



# WASHINGTON

There are three advocacy functions accounted for under this budget heading:

1. Fees for the General Counsel, whose objectives will be determined by the Board and the CEO through the course of the year,
2. Fees for the legislative relations firm for the pursuit of legislative objectives for the 114th Congress (to be determined by the Board of Directors at its January 2015 meeting) and for the Lexis State Legislative Service, for monitoring of state legislative developments, and
3. Operational costs of the Fairfax office and travel costs for its professional staff.

The 2015 World Radiocommunication Conference will be held in Geneva November 2-27, 2015. The primary objective for 2015 for the Fairfax professional staff is obtaining a favorable set of results at WRC-15, on issues ranging from a secondary allocation to Amateur Radio near 5.3 MHz, sharing with vehicular radiolocation at 78 GHz, sharing with earth exploration satellites at 10 GHz, and regulatory aspects related to the notification and operation of small satellites. ITU and CITELE preparatory work toward this objective requires the presence of Fairfax staff at a series of meetings held in Europe (mostly in Geneva, with one meeting potentially in Bucharest) and throughout the Americas (at locations to be determined). The international travel line reflects the meeting schedule as best as it can be known in advance, and reflects staff spending at less than the per diem rate set by the State Department, which is accepted throughout the industry as reasonable and prudent.

The lease on the Fairfax facility ends July 31, 2015. Because the Fairfax staff, out of necessity, works independently, often remotely, and increasingly with peers in industry and government who do the same, we propose not to renew the lease. The part-time administrative position would be eliminated effective August 1, and the professional staff would telecommute on a full time basis no later than August 1, meeting in person in the Washington area as necessary. The office equipment in Fairfax would be repurposed to remote offices for professional staffers or liquidated. The telephone system upgrade proposed for the Newington headquarters building includes capability to provide telephone capability to remote locations, including telecommuting staffers.

# MEDIA AND PUBLIC RELATIONS

With the understanding that FY2015 is going to be a lean year, I have made considerable effort to limit expenditures in Media and PR. This has resulted in only a 3.1% increase from FY2014, including factoring in administrative costs from items previously funded by other departments. However, with the Board of Directors passing item 36 at the July 2014 meeting, which calls for ARRL staff to develop strategies to increase diversity and recruit younger Amateurs, there will be some associated costs in outreach and research.

PR will be working on the Board's motion to increase diversity by implementing a two-year outreach plan. For FY2015, this plan is primarily research-driven with relatively little overhead, identifying areas where tech-savvy individuals in the 20-40 demographic (post-secondary STEM education, Makers/DIY communities, etc.) and an older demographic ("empty nesters," retirees, etc), developing relationships with people who can liaison with these target demographic groups and establish a content stream (audio, video, and web material) from ARRL to recruit them to the amateur ranks. There is travel budgeted this year to reach out to some of these target groups and continued exploration specifically of the Maker movement and the International Microwave Symposium; IEEE has expressed gratitude for ARRL's presence there in recent years and Ward Silver is working with IEEE to develop plans for literature and in-person outreach by ARRL to recruit from IEEE's professional and post-secondary educational arenas. While FY2015 is considered the "R & D" phase of this plan, funds will be needed in FY2016 to execute the goals. This plan will be evaluated each year, working on goals for the next two years (i.e. for FY2016 budget meetings, the plan will be looking at FY2016 and FY2017 needs).

The other major PR plan for FY2015 is costs related to a possible year-long operating event in 2016, in cooperation with the National Park Service. 2016 will be the NPS's centennial, and talks are underway with NPS to create a year-long operating event to allow Amateur Radio operations from all 59 National Parks. While these negotiations are not complete, NPS has expressed interest and wants to continue discussing the event. If approved, we will need IT and PR resources in the 4th quarter of FY2015 to promote this event and logistically enable it to succeed. There are no plans for large-production videos in FY2015; PR's intention is to create a lot of audio/video content locally. However, I have budgeted money for Al Petrunti to assist with some professional video editing and tutelage to create short videos for outreach and recruitment, primarily through our YouTube channel and social media. With the addition of the new Media Room, Steve Ford and I hope to be anticipating producing more content for our members, but I will require training in video editing.

FY2015's PR budget includes the creation of a "Promotional Materials" line. This is specifically for items related to promotion at conventions and other events where ARRL has a presence. Most items in this line will be used for outreach to the non-Amateur community, though not exclusively. This line will make it significantly easier to track costs related to outreach. I have budgeted money for promotional items for Dayton, the International Microwave Symposium, the World Maker Faire and items related to the NPS year-long event mentioned above, beginning 4th quarter 2015.

I have yet to attend any professional development seminars since taking over as PR Manager in June 2013. It would be nice to keep improving my skill set, and I have budgeted for three trips aimed at PR skill development, particularly in the realm of social media. This is an area of expertise sorely needed at ARRL, and as there is no money to hire a person to do this important task, I need to seek professional expertise so I can begin to do this on my own.

PR will be assuming responsibility for promotion of all ARRL Board-approved awards (Hiram Percy Maxim Award, Technical Excellence Award, etc) from MVP in 2015; there will be an increase in the PR budget related to these awards.

A reminder that PR has taken over financial responsibility of all outreach literature and brochures since 2014, and expenses reflect that.

PR travel is being limited to Dayton, 2 people to attend the International Microwave Symposium in Phoenix the weekend after Dayton, and 2 people to attend the World Maker Fair in New York City in September.

# MEMBERSHIP AND VOLUNTEER PROGRAMS

## **MVP Department Mission:**

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

## **Overview**

The Plan for 2015 includes MVP staffed with 22 full-timers, 2 temporary part-timers for Centennial award processing and 1 summer employee.

One of the objectives of MVP management for 2015 is to continue to stress cross-training of staff across the entire department where possible. The benefits of having people on staff who can do more than one thing are many, and include being able to step-in when someone is lost to sickness or injury for an extended period; to relieve the stress and/or monotony of performing the same tasks daily; and to increase the efficiency of the entire departmental operation. We have been quite successful thus far. Most of the DXCC staff is now able to process plaque orders, assist with updating of affiliated club information, perform customer service in person and over the telephone, assist with contest log processing, and work in the QSL Bureau. Kathy Allison has taken on some special projects that will be designed to collect and preserve historical data for the department and help transition DXCC to a new system. DXCC staff has been trained to assist Sharon Taratula with many of her administrative duties. Dan Wall is now a trained operator for W1AW, along with Norm Fusaro, Bill Moore, Chuck Skolaut and Dan Henderson.

MVP will continue to organize and locate HQ staff and other personnel for Member Contact Travel. Our staff also manages Member Contact, departmental travel, and convention attendance at events such as major DX conventions around the world, Dayton Hamvention, Emergency Communications conferences and meetings, and various agency and volunteer organization gatherings such as National Volunteer Organizations Active in Disasters, Red Cross, and the National Public Safety Telecommunication.

## **Staffing Changes**

In the Awards and DXCC Branch, the following personnel changes are noted: Sani Zanicovic has assumed a full-time position and aids with the Contest Branch. Effie Mangllara has also assumed full-time responsibilities in the DXCC branch. DXCC Manager Bill Moore is currently on sick leave. Matt Wilhelm has been hired as the Contest Branch Manager.

## **Products and Services**

### **DXCC/Awards**

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

As of October 31, 2014, DXCC had received 11,967 applications containing 1,063,012 entity credits. At the same point in 2013, DXCC had received 11,234 applications with 1,044,390 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 Logbook, efficiency and turnaround time can be reduced. As greater efficiency occurs, new award concepts and more offerings for awards chasers can be added. A digital tool will need to be released for testing and incorporation by logging program authors.

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. This will continue in 2015.

The Centennial QSO Party will drive a large increase in awards activity during 2015. We anticipate offering the following awards, at a minimum:

- Worked All States with W1AW – plaque and certificate;
- Four different certificates for different levels of achievement in the Points Challenge – with some endorsement sticker options; and
- Plaques for Top Level achievements.

### **Contests**

In 2015, 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 2015 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 main element of concern in the plan for Emergency Preparedness centers on travel. Mike Corey, K1IU, is frequently requested to travel and present at meetings and conventions around the country. The amount of travel in 2014 has strayed over the departmental budget

due to unplanned trips throughout the year. For 2015, we also need to leave open the possibility of accommodating unplanned travel requests – especially those requests that come from government. Ken Bailey will continue to take on travel assignments in 2015.

## **Field Organization**

### Support of the ARRL Field Organization

There are 23 different positions (including the elected Section Manager position) in the ARRL Field Organization. As of October 7, 2014, there are 7,591 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 2015.

### 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 2015 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. During 2014, there were seven (7) elections for Section Manager conducted, and four of them were conducted in the spring season.

### Section Manager Workshop

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. In 2014, we didn't conduct a workshop for new Section Managers. This allowed budgeted money to be applied to expenses for the ARRL Centennial Convention celebration.

As of early October, 2014, there are 18 Section Managers who will be eligible to attend the Workshop in 2015. Among the new "class" of Section Managers, four (4) were appointed when the previous Section Manager resigned, five (5) SMs will have won in balloted elections, eight (8) did not face opposition after becoming nominated in their sections, and one (1) was not able to attend the workshop in 2013 and will be invited to join in 2015.

## Awards

A transition to the Media and Public Relations office is underway for 2015 with regard to administrative duties associated with several of the ARRL awards that are conveyed by the ARRL Board of Directors.

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

Please note: The Media and Public Relations office is already budgeting for the cost of these particular ARRL Awards starting in 2015.

## **Outgoing QSL Bureau**

The Outgoing QSL Bureau continues to be a primary membership benefit enjoying high participation. Unfortunately, though, QSL Bureaus outside the USA are folding-up shop at an alarming rate. Some Bureaus that don't officially cease operations, continue to accept mailings of QSLs but do nothing with them.

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 2015.

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

## **W1AW**

The effort to process the thousands+ of various W1AW/portable QSL card requests from the 2014 ARRL Centennial QSO Party will involve quite an amount of staff and volunteer time. Otherwise, W1AW operations at the station in 2015 will continue with no substantial changes. 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 2015. 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 MVP’s area.

### **W1AW**

One broadcast amplifier will be replaced with an Acom 2000A in 2015. This new amplifier will be procured in the first quarter.

Two broadcast transceivers will be replaced with a new Yaesu FT-5000 (or equivalent) in 2015. These new transceivers will be procured in the first quarter.



# 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 3 hours per week office assistance by staffer, Karen Isakson. 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 \$26,900 has been included in the original budget for cost center 302 for consultants fees.

Mark Spencer WA8SME is significantly reducing his role with the ETP in 2015. Larry Kendall, K6NDL and Bill Richardson, N5VEI, new instructors brought on board in 2014, will be taking on more responsibility in 2015. Tommy Gober, N5DUX and Matt Severin, N8MS will continue to support the program as instructors. Mark will continue to provide support for production of resources and evaluating ETP grants, but his role in developing new curriculum and training will be reduced. 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 \$29,280 is included in the budget for cost center 332 for contractors/consultants. This budget includes the following:

- \$12,480 for contract editor for Radio Waves newsletter, and
- \$12,000 for a contractor to support the ARISS program in a coordinator role that supports redistribution of responsibilities for management of the ARISS proposal process to ARRL as a result of NASA's budget reduction measures,
- \$4,800 to resume work on developing instructional resources in alignment with educational standards to support the ARISS program and other educational outreach activities. This was part of the responsibility of the staff position which is not being replaced.

## New Projects for 2015 include:

- Manage ARISS proposal process;
- Continue cross-training and realign instruction for Teachers Institute;

- Produce a new Instructor Manual for General License Instruction if a model that includes recovery of costs can be developed;
- 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;
- Develop Go-Kits and related management program to supply ground stations for ARISS participation (the equipment necessary is not proposed in this budget—we contemplate it would be donated).

### **Continuing projects:**

- Plan and support 4 sessions of the Teachers Institute for 48 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.

### **Background and Additional Information**

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

Budget cuts at NASA resulted in the elimination of an administrative support position in 2012 and then additional cuts announced early this year eliminated the remaining support for the program in the Teaching from Space Office at Johnson Space Center. Through the determined efforts of Frank Bauer, KA3HDO, ARISS Program Chairman, working his connections at NASA, the program has been kept alive. Frank rallied financial support from the NASA Satellite Communications and Navigation (SCaN) program to support the ARISS operations position at NASA through September and 6 months into the new 2014-15 fiscal year. A grant application to the Center for the Advancement of Science in Space (CASIS), the non-profit organization that NASA has hired to manage the ISS National Lab, resulted in their commitment of support allowing ARISS to continue on the ISS as an authorized National Lab payload. CASIS has agreed to help the ARISS program solicit financial support from industry partners who are invested in other ISS National Lab activities. In-kind or financial support for replacement of ISS station equipment as well as relationships with National Lab industry partners that have educational outreach projects on the ISS are being sought. ARRL Education Services will be taking on most of the coordination role formerly performed by NASA Teaching from Space. Some remaining support functions will be designated to program volunteers. We plan to resume soliciting proposals from schools that want to host ARISS contacts in the remaining months of

2014 for scheduled contacts in 2015, hopeful that further funding will be found to sustain operations, and eventually, also improve the equipment situation.

**Business Travel (332)**

Budget for travel costs estimated at \$2,400 for participation in ARISS meetings.

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

The plan for 2015 includes offering three sessions of the TI-1, and one advanced TI-2. We have submitted a proposal to DARA with a request for full funding of a TI in 2015 (\$25,000). They have previously indicated that they would be able to return to their normal level of support in their next budget.

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 this cost center reflects travel expenses of instructors and participants for the Teachers Institute.

The staff salary budget for 2015 for cost center 302 includes an allocation of 25% 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 2015.

## 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 vanity license renewal requests received from members for a modest fee and will process non-vanity license renewals for members at no charge.
- 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 2014 we exceeded our program goals and we have maintained the VEC market share goal (table 2). Program levels (table 1) are projected to remain fairly stable for 2015.

<b>TABLE 1: ARRL VEC RESULTS AND PROJECTIONS</b>				
<b>ARRL VEC ACTIVITY</b>	<b>2013</b>	<b>2014 through October</b>	<b>Percent of 2013</b>	<b>2015 projected</b>
<b>Exam Sessions Held</b>	<b>6,823</b>	<b>6,151</b>	<b>90%</b>	<b>6,800</b>
<b>Exam Applicants Served</b>	<b>34,692</b>	<b>33,472</b>	<b>96%</b>	<b>35,000</b>
<b>Elements Administered</b>	<b>45,248</b>	<b>44,051</b>	<b>97%</b>	<b>45,000</b>
<b>New VEs Accredited</b>	<b>1,889</b>	<b>1,667</b>	<b>86%</b>	<b>2,000</b>
<b>New and Upgraded License forms transmitted to FCC</b>	<b>29,352</b>	<b>28,139</b>	<b>97%</b>	<b>30,500</b>
<b>License Renewals and Changes transmitted to FCC</b>	<b>7,883</b>	<b>7,279</b>	<b>100%</b>	<b>7,000</b>
<b>Total Club License applications transmitted to FCC</b>	<b>1,068</b>	<b>1,019</b>	<b>91%</b>	<b>1,000</b>

<b>TABLE 2: ARRL VEC MARKET SHARE</b>							
<b>FCC LICENSES ISSUED</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014 through October</b>	<b>2015 projected</b>
<b>NCVEC License Activity</b>	40,940	38,254	34,409	37,365	38,211	37,360	40,000
<b>ARRL VEC License Activity</b>	29,736	27,591	26,136	27,505	29,051	28,139	30,500
<b>ARRL Market Share of Exams Given</b>	73%	72%	76%	74%	76%	75%	76%

## 4. New Initiatives and Services

### *VEC Activity*

The VEC exam fee will remain at \$15 in 2015. 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 2015, 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 begin in January *QST*.
- Increase Volunteer Examiner participation levels by continuing our efforts on making improvements to interactive web forms.

#### *FCC Activity*

We anticipate maintaining our share of total exams given at approximately 76%. We are cautiously optimistic about the number of new licensees. We forecast 30,000 new licensees and 10,000 upgrade licensees in 2015 (table 3). Our outlook for the coming year is stability; it

includes little or no growth over 2014 because of the heightened license activity levels during this year.

A new General class question pool will be effective on July 1, 2015. 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>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014 through October</b>	<b>2015 Projected</b>
<b>New Licenses</b>							
Technicians	27,464	24,752	21,316	23,974	25,621	24,935	26,500
Generals	2,307	2,351	2,318	2,596	2,777	2,656	3,000
Extras	373	425	438	512	488	725	500
<b>Total New</b>	<b>30,144</b>	<b>27,528</b>	<b>24,072</b>	<b>27,082</b>	<b>28,886</b>	<b>28,316</b>	<b>30,000</b>
<b>Upgraded Licenses</b>							
To General	7,590	7,617	7,349	7,536	6,790	6,563	7,000
To Extra	3,206	3,109	2,988	2,747	2,535	2,481	3,000
<b>Total Upgraded</b>	<b>10,796</b>	<b>10,726</b>	<b>10,337</b>	<b>10,283</b>	<b>9,325</b>	<b>9,044</b>	<b>10,000</b>
<b>GRAND TOTALS</b>	<b>40,940</b>	<b>38,254</b>	<b>34,409</b>	<b>37,365</b>	<b>38,211</b>	<b>37,360</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 second quarter of 2015.

# 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

The number of Lab staff is not expected to change in 2015. The Lab has upgraded the qualifications for its part-time administrative assistant position, looking for additional skills in the area of digital Amateur Radio operating and web-page updating. 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 2015.

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. More than the usual amount of staff time will be required to do this, as some of the pages contain links to other sites that are no longer working. The Lab has found volunteers to do some of this work but will continue to seek volunteers to maintain specific web pages.

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 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 2015. Delays within the IEEE have been resolved and this project is moving forward.

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

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

Several new initiatives are planned for the Lab for 2015:

- The Lab will explore the feasibility of raising money through the sale of donated test equipment and older Amateur Radio equipment that are occasionally sent to the ARRL. Most of the work of this initiative will be performed by volunteers.
- The Lab will investigate the feasibility of producing technical videos for distribution to Amateurs through various means.
- The Lab will make continuing improvements to the WIHQ facility.

#### **5. Capital Investment**

The Lab has no specific capital requirements for 2015.

#### **6. Fees**

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

## **CAPITAL ACQUISITIONS**

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

**2015 Plan**

**Proposed Capital Expenditures**

<b>Department</b>	<b>Description of Item</b>	<b>Cost</b>
<b>Information Technology</b>	Desktop Computers - 10	\$ 8,000
	Laptop Computers - 2	1,600
	Workgroup Printers - 3	9,650
	Firewall	5,500
<b>Production</b>	Repeater Database	20,000
<b>VEC</b>	Online Exam Generating Software and VEC Portal Enhancements	10,000
<b>Contest</b>	Contest Logging and Scoring Access Database	20,000
<b>W1AW</b>	Amplifier	7,500
	Transceivers – 2	5,800
<b>Mailroom</b>	Addressing and Barcode Printer	13,300
<b>Building</b>	New Phone System	100,000
<b>Total</b>		<b>\$ 201,350</b>

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

**2015 Plan**

**Proposed Capital Expenditures**

**A. Replace Desktop Computers**

As we do each year, we plan to replace older desktop computers (approximately 5 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 10 desktop computers.

**B. Replace Laptop Computers**

As with desktop computers, it is now time to begin the same diligent process of replacing and expanding our contingent of laptop computers. The demand for access to laptop computers continues to increase. These laptops are housed by IT as an available pool of assets and utilized by the staff on a per assignment basis. The laptops being replaced are all over 3 years old.

**C. Replace Workgroup Printers**

The proposal includes the replacement of 3 printers. These printers will replace printers 5 years old or older in DXCC (to print certificates), IT (to print all membership mailings) and the IT infrastructure group (to print FCC daily updates and share with mailroom staff). These are larger printers designed for significant capacity.

**D. Firewall**

In the proposal is a Cisco Firewall that will add an additional layer of security and be our first line of defense to external threats.

**E. Repeater Database**

The current ARRL Repeater Database is more than 10 years old. It is used to store repeater records contributed by affiliated coordinators throughout the United States and Canada. Each year this data is "harvested" to create the *ARRL Repeater Directory*, *TravelPlus* and the *Repeater Directory app* for iPhones and Android.

While the repeater coordination community has continued to evolve, including new processes for managing the more than 23,000 repeater records that exist, our database has fallen well behind the times. As a result, maintaining the database requires significant Headquarters resources. Repeater coordinators have frequently asked for the means to automatically upload information to the database, but that is not possible with the current system. They also have asked for the

means to readily edit the *Repeater Directory* database information online, functionality not currently available. This issue is becoming particularly serious because new technology such as DMR and D-STAR require more user information than our database structure can presently accommodate.

At the same time, our software customers have come to expect automatic updating of repeater data in a manner similar to other applications they purchase. At the present time, a *TravelPlus* customer purchases a CD that will be essentially obsolete within a month after the purchase due to the ever-changing nature of repeater information. To his frustration, he soon discovers that he lacks the ability to update his *TravelPlus* software over the Internet, which is a common feature with other software products. This is a particularly embarrassing shortcoming of the *Repeater Directory* Smartphone app in an age where Smartphone apps are expected to update automatically.

Our expectation is the repeater database along with the web application would be created, maintained, and technically supported by DHF Systems. The specification document for this project would be the responsibility of the Production Department and involve minimal involvement by the IT department.

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

The current ARRL VE Exam Maker software (produced in-house) has limited capabilities and no longer meets all the needs of our Volunteer Examiners. A new 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 at Headquarters. 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. Amplifier**

With the exception of the two 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 has failed yet again. We are recommending 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 the full-legal limit.

Acom 2000A amplifiers that were purchased in 2012 and 2013 and placed into service have proven themselves to be quite the work-horses. 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 five (5) new amplifiers, one per year over the next five years. With these new amplifiers, our station presence will not be compromised.

### **I. Broadcast Transceiver**

Since 2007, seven (7) Icom IC-756ProIIs and IIIs had been purchased to replace the Harris broadcast transmitters. This purchase had included two ProIIs that were currently installed as part of an initial evaluation process.

As part of this replacement process, in 2008, two new Icom IC-756ProIIIs were purchased to replace older equipment. In 2013, a new Kenwood TS-590S was purchased to replace an aged



Icom IC-756ProII that was showing signs of wear and tear. In 2014, a new Yaesu FT-5000 was purchased to replace the aging Icom IC-756ProII used on 10 meters. Therefore, aside from the TS-590S and FT-5000, all the other Icom IC-756Pro-series transceivers are now reaching the end of their useful life. The purchase of new broadcast transmitters over time is recommended to replace at least the oldest of the Icoms.

## **J. Addressing and Postal Barcode Printer**

The proposal includes an additional addressing and postal barcode printer. The mailroom had two of these machines until this past summer when the oldest and most unreliable of the two broke down and was not worth the cost of repair. At that time, we could not recommend purchasing a replacement based on our needs and the abilities and volume capabilities of the remaining leased machine.

However, recently, as the Mailroom Supervisor continues to work with the new Contest Manger and the MVP staff it has become increasing evident that we can fully utilize an additional high volume, high speed printer to help automate mailings from these areas. A more automated procedure can be put in place to address and mail the contest certificates and other awards, saving significant staff time. Also, this additional piece of equipment can provide an efficient solution to addressing and shipping the W1AW/100 QSL cards. The volume of these cards is expected to exceed one million pieces.

## **K. New Phone System**

For several years now we have been told by our telecommunications vendor that our phone system is antiquated and needs to be upgrade or replaced. Then, this past May, when we attempted to renew the maintenance contract we were initially told they would no longer support the phone system. Through our insistence and lack of notice to us, we got them to agree to provide maintenance for one more year. Therefore, as of this May, we will not be capable of getting any type of maintenance agreement for our current phone system and are proposing to replace the system in the first half of the year.

We have contacted several different vendors for both a digital and a VoIP (Voice over Internet Protocol) solution in search for the most appropriate system for ARRL. Based on the proposals, the difference in cost between the solutions is not substantial.

While we are still evaluating both solutions, what has become evident is there is great savings to be had on a monthly basis by changing phone service providers (approximately \$2,000/month). Therefore, as we move forward, we will also be looking at changing phone providers as part of this upgrade process. The final decision on which solution to choose and the ultimate cost will be presented to the A&F Committee for its approval prior to moving forward with the project but we felt it appropriate to include the item in our plans for 2015 at this point.

## **STAFFING**

**ARRL, Inc.**

**The National Association for Amateur Radio**

**2015 Plan**

**Staffing**

The total staffing complement proposed in this Plan for 2015 includes 91 full time and 11 part-time staff for a total of 102 employees. This represents a total of 97 Full Time Equivalent (FTE) positions. It is also two positions less than approved in the 2014 Plan (including subsequent additions approved by the A&F Committee during the year) and represents an overall decrease of 1 FTE position.

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 number of FTE's only decreases by one, there are several changes in the staffing that should be noted:

1. Editorial has eliminated a part-time editor position through attrition.
2. With the retirement of Mary Hobart, the Chief Development Officer, and the Second Century Campaign winding down this position has been eliminated from the Plan.
3. Through attrition, the Administrative Services area has replaced a full time mail clerk position with a part-time position.
4. With the closing of a physical office in Washington, the part-time Administrative Assistant position has been eliminated.
5. The DXCC Awards department has made two part-time DXCC reps full time positions in addition to eliminating one full time position.
6. To assist in the processing of the Centennial QSO Party Awards two part-time positions have been added to the Plan. These positions are designed to only be temporary and work 20 hours per week for 35 weeks during 2015.

Also included in the Plan is an average increase of 2.5% for the staff, effective on April 1, 2015. This does not mean that everyone will get a raise, or even if they do, one that will equal 2.5%. Each individual's performance will be reviewed and any merit increase in their compensation

will be based on this review as well as where their current compensation is within the appropriate salary range.

**AMERICAN RADIO RELAY LEAGUE, INC.**

**STAFFING SUMMARY**

Function/Department	2014 Plan			2015 Plan		
	FT	PT	Total	FT	PT	Total
<u>Production &amp; Sales</u>						
Editorial/Production						
Administration	2		2	2		2
Graphics	2		2	2		2
Composition	2		2	2		2
Editorial	4	1	5	4		4
Laboratory	4	1	5	4	1	5
<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
2nd Century	1		1	0		0
Controllers	4	1	5	4	1	5
Information Technology	9	1	10	10	1	11
Administrative Services	4		4	3	1	4
Maintenance	1		1	1		1
<u>Advocacy</u>						
Washington D.C.	2	1	3	2		2
Public Relations	1		1	1		1
<u>Member Services</u>						
MVP Administration	3		3	3		3
Field Services	4		4	4		4
Contests	1		1	1		1
DXCC	8	2	10	9		9
QSL Bureau	1		1	1		1
W1AW	2		2	2		2
Emergency Preparedness	2		2	2		2
Centennial*					2	2
Education	2		2	1		1
VEC	6	2	8	6	2	8
<b>Total Staff</b>	<b>92</b>	<b>12</b>	<b>104</b>	<b>91</b>	<b>11</b>	<b>102</b>
<b>FTE's</b>			<b>98</b>			<b>97</b>

\* Two (2) temporary part time positions for 20 hours per week for 35 weeks to aide in the processing of Centennial Awards.