

**American Radio Relay League
Proposed 2019 – 2020
Plan**

Executive Summary

BOARD CONFIDENTIAL

ARRL, INC.
The National Association for Amateur Radio

Proposed 2019-2020 Plan

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BOARD CONFIDENTIAL

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SUMMARY

ARRL, Inc.
The National Association for Amateur Radio

Proposed 2019-2020 Plan

Executive Summary

To: ARRL Board of Directors

“Membership is the key to our future and we must make the changes now to begin to attract new Amateurs.”

This statement was included in the Executive Summary of the 2018 Plan and has been the focus for a key group of staff working with Mintz + Hoke (M+H) for the majority of the year. Through data collected over the last several years we know, as an organization, we are losing membership for a variety of reasons and have not been attractive enough to acquire and retain most of today’s new licensees.

Working with M+H, a diverse group of staff went from a group with varying opinions on the future of the ARRL (some very grim) to a positive, engaged and energized group excited about how we can bring change to the organization to meet the needs and wants of the new licensee while continuing to serve our long time core members. While change is hard, our intent to continue to serve our long time members while attracting new members must be emphasized, we are not trading one for the other.

This philosophy and excitement is embodied in this operational Plan we are recommending for ARRL in 2019. In the following pages, we hope to provide you with an understanding of what we believe is possible for the ARRL and what it will take to continue down the path we have started for a successful future and make our organization relevant to a broader range of Amateurs, no matter their age, license class or reason for being engaged in Amateur Radio.

Although 2018 is not over as this report is being written, it is important to take a look back at our successes, failures, challenges and triumphs so far this year. The effects of some of these will spill over into 2019.

- The year began with the abrupt departure of CEO Tom Gallagher, NY2RF. While this took the staff by surprise, with reassurance from the new Staff Officers, the staff (to their credit) didn’t miss a beat. In fact, they continued to work hard on the goals set forth to improve the organization financially and operationally.
- A select group of staff spent the majority of the year engaged in the discovery phase of the project with M+H examining the issues of how to make ARRL more attractive to new licensees by finding out what they need and want from ARRL in order to become members. Included in this work was a functional review of the current ARRL web site, work which will serve as the basis for the development of a new arrl.org web site in the future.

- Beginning with the January 2018 issue of QST we began introducing a fresh design intended to make the magazine more pleasing to the eye and more readable for as many Amateurs as possible. At the same time we reduced the page count and overall trim size. The redesign is a continuing work in progress, however, the changes for the most part have received positive reviews.
- In an effort to expand our support and resources to help promote ham radio in other communities, ARRL organized our first ever exhibit at the Experimental Aircraft Association (EAA) AirVenture in 2018. With over 500,000 attendees, the traffic in our booth was notable and worth supporting further development of the crossover potential between pilots and ham radio operators.
- We successfully added the CQ Worked All Zones award to Logbook of the World. While this was launched in April with an initial surge of applications, the monthly revenue stream has dropped to a small but steady amount.
- “Print Your Own” contest certificate printing was successfully implemented and received well by the contest community.
- In the early part of the year, we terminated our contract with Surge to replace the DXCC legacy system software. The project was brought in-house and two programmers were pulled from other projects to dedicate their time to completing this project. It is expected to be live by the end of 2018.
- In 2018, we also implemented the year-long International Grid Chase event. The actual participation in the event can be described, at best, as luke warm and despite different sale promotions, the sales of the IGC product line were very disappointing.

Financially, 2018 will be another good year despite lower revenues than 2017.

- The ARRL should finish the year with a gain from operations for the second year in a row. That, plus the continued growth in our investment portfolio, has bolstered our overall net assets, providing the organization the financial ability to invest in the future of ARRL.
- Even with what we expect to be a successful financial result, there are trends of which we need to be aware and actively monitor. Revenues continue to decline in major areas including publication sales, advertising and some of the activity-based programs. Without any significant changes, balancing the budget (a breakeven bottom line) will continue to be difficult in the future if we expect to add programs and services to attract and retain new members.
- Dues revenues continue to grow at a rate higher than planned, despite the decline in the overall membership.
- Despite a slow start to the year, voluntary contributions in 2018 have proven to be consistent. Miscellaneous contributions have been strong primarily due to bequests under

\$50,000 (which we currently do not include in Plan projections) and one member's IRA donation of \$43,000.

- Cash flow has been good and at the end of September, we had significant cash reserves in both the operating account and the investment portfolio.
- We continued to run the operation within the established spending plans for the most part and are meeting our overall financial goals.

Membership continued to decline throughout the year as expected in the third year after a dues increase. However, our actual membership loss since 2016 has been lower than the historical trends of past due increases (percentage-wise). By the end of 2019 we are expecting to have almost 2,600 (or 1.5%) more members than originally forecasted in 2016. This difference can be traced directly to better retention of members rather than increases in new acquisitions. This data supports the statistics related to our inability to capture the new licensees as members and our need to become relevant to the new Amateur.

In 2018 the management team successfully took on the challenge to incorporate the following overall themes into their department planning.

1. **Stewardship** – Continue to shepherd the members' money and the overall corporate resources carefully.
2. **Engage the members** – And do so on their terms, not the terms on which we think they should be engaged. Find out what they want and make data driven decisions, not ones based on anecdotal or incomplete data and opinions.
3. **Lifelong Learning** – Everything we do should be gauged against the concept that Amateur Radio education is a journey, not simply a path to earning a license through classes. The ARRL should be the leading source of knowledge from the very beginning of an individual's entrance as a licensee through their entire path in Amateur Radio. It isn't our job to push them along the path we think they should take, but rather we should be there along the way to provide information on the subjects in which they're interested and want to learn.
4. **Content** – To accomplish #3, we need to develop (or source from others) much more content than is currently available from the ARRL. Every area of the organization can play a role in this. In addition, we must also be able to deliver this content across a wide array of different media platforms in ways the members want to learn.
5. **Expand Positive Relationships** – Look to create and expand relationships, both financial and otherwise, that contribute to the organization and to the concept of "Advancing the art, science and enjoyment of Amateur Radio". The corollary is also a part of this objective in that we should look to unwind relationships that don't meet the test.

6. **Mentoring** – We need to identify and capitalize on opportunities to mentor a variety of individuals across our community. That includes new licensees, longer term Amateurs looking for information on a new or mature technology or even unlicensed individuals looking for information on wireless communication and electronics. Finally, we need to begin to grow the next generation of staff and management within the ARRL HQ operation. With several of the management staff nearing retirement age within the next 4 years, and a larger number of staff as well, we need to groom and consciously provide training and opportunities for the people who will lead the organization in the future.

While progress has been made in many ways, there is still much work that lies ahead to achieve these objectives. The 2019 Plan was approached with the desire to pursue the next chapter in this journey.

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

- The Lifelong Learning Department, with help from information gained through M+H, will be developing a selection of learning resources for new, current and prospective Amateur Radio operators, with the objective of helping to broaden the reach of ARRL. These resources will be created in a variety of formats, for a range of experience levels, and suitable for various amateur radio interests.
- Incorporate knowledge gained from M+H into all membership activities including updating messaging, improving marketing materials to new licensees and creating targeted campaigns based on different segments of the community.
- Finalize contract and manage execution, integration and cutover of the Membership and Development replacement system. This will involve multiple departments (Development, Membership, Fulfilment and Controllers) throughout the integration and cutover phase of the selected system.
- The LoTW Committee, which includes staff, will be investigating a proposed plan for LoTW users to apply for other IARU society's awards through LoTW. Although the 2019 Plan does not include any direct financial implication, staff resources will be spent working on a viable plan with hope that this will lead to additional revenue from users of LoTW with minimal cost to ARRL.
- Implement a short duration operating event to celebrate Hiram Percy Maxim's 150th birthday. While we anticipate this to cost around \$5,000, we expect that this will be popular with our current core members.
- Development will produce a solicitation for the W1AW Endowment Fund for the first time since 2015.
- Implement a secure ARRL website based remote entry system of test session data by select high volume ARRL VE teams to speed up the processing and issuance of licenses. Plans

will require FRNs for all participants. While this project was started in 2018, full execution and the benefits of the new process will be in 2019.

- Significant work will be done to launch the new Volunteer Monitoring (VM) Program. At this time we are currently working on a detailed timeline and related costs to implement the VM program. Therefore, there are no costs related to the program currently in the Plan. However, we are committed to the program and are confident we have enough financial resources to do so.

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

- Maintain our dominant, 75% market share in the delivery of Amateur Radio testing opportunities through the ARRL VEC. We are expecting 2019 to remain consistent but flat with 2018 volumes. We are projecting about 29,000 new licensees and 9,500 upgrades in 2019.
- Provide representation for Amateur Radio across a variety of international bodies and meetings such as:
 - ITU World Radiocommunication Conference 2019
 - ITU Radiocommunication Assembly
 - WP 5ABCD and SG 5
 - WP 1ABC and SG1
 - CITEL Assembly, PCC.I, PCC.II, COM/CITEL
 - FMRE, FRACAP
- Continue to administer the full complement of awards and contests via the Radiosport Department.
- Maintain our publications pipeline with two new titles and new editions of the *Antenna Book*, *Antenna Physics*, *VoIP and Internet Linking*, *General Class License Manual*, *General Class Q&A* and the *ARRL Handbook*. The *General Class License Manual* and *General Q&A* will include the new General class question pool to be implemented on July 1, 2019. We will also introduce the 2019 edition of the *ARRL Repeater Directory* near the beginning of the year.
- Increase the organization's knowledge and resources in the areas of high speed digital communications and mesh networks through establishing test networks in collaboration with local partners. While this did not move forward at the original pace planned in 2018, the work is moving forward.
- The Communications department will continue to create more, higher quality content to be used across multiple media platforms including social media and the ARRL web site. This will increase our engagement with members, field services appointees, the media and the general public.

- ARRL will hold three Teacher's Institute classes in 2019, two TI-1 classes and one TI-2 class. In order to increase the effectiveness of the TIs, several new promotional methods will be utilized to expand the number and quality of applicants.

Financial Considerations

- Overall, we are projecting income from operations of \$55,000 for 2019, effectively a breakeven result. With total revenue projections for 2019 being slightly lower than originally projected for 2018, responsible management and control over spending will be the key to reach this result.
- Publication sales are projected to be lower than the original 2018 Plan by \$61,000 but \$131,000 higher than the reforecast.

There are a limited number of new publications proposed for 2019 (see Appendix 2 page 11). We hope to have notable success with the *Antenna Book, 24th Edition*. This edition is a major revision and based on the success of the *2019 ARRL Handbook* boxed set, there are plans to make this edition of the Antenna Book a boxed set.

- Advertising revenue is projected to decrease from our 2018 reforecast by \$134,000. With the continued decline in the number of potential amateur radio businesses in operation and whereby larger companies such as DX Engineering, HRO and Vibroplex are incorporating product advertisements from smaller companies within their ads, we continue to experience a declining overall number of advertisers and advertising dollars.
- Membership dues revenue for 2019 is expected to remain basically flat. We are forecasting 156,245 members at the end of 2019, which represents a decrease of only 397 from the end of 2018. This is basically the beginning of the historical rebound in membership post a dues increase.
- Program fees, while lower than 2018, are expected to remain stable with the continued popularity of FT-8 and a consistent 75% share of the licensing exams market.
- Estimates of contribution revenues suggest they will remain steady yet relatively flat.
- One of the largest spending hurdles this year is the constantly rising cost of health insurance. After going out to the market and negotiating with the insurance companies, our renewal for 2019 is a 16% increase, significantly down from the original renewal rate of 41% from our current provider.
- Proposed capital spending is \$159,000 with the majority of that spending on computer systems infrastructure. The Plan also includes funding for repairs and maintenance of the facility, W1AW equipment and some software for Lifelong Learning.

- We are proposing an overall reduction in the staff of 1 part-time position beginning January 1, 2019. The proposal includes an average salary increase of 3% for the staff, effective April 1, 2019 and no changes to the current level of funding to the 403(b) pension plan.

Many of the risks and threats involved with maintaining the progress achieved to date and our ability to build on that progress have not changed over the last few years. The risks include:

- The business climate for Amateur Radio remains uncertain as reflected in the advertising volumes and the supplier outlooks for the near term. We have seen additional consolidation in the industry throughout 2018 and there may be more in the future.
- Estimates of membership transactions always include inherent risks. As mentioned above, we are seeing a positive signs in that the actual membership loss from the 2016 dues increase is lower than the historical averages used to originally forecast membership losses. Based on this trend we have decreased the membership loss percentage to only .25% or 397 members for 2019. As we have continually mentioned, it is critical to begin to attract and retain a larger percentage of the new licensees to be able to project steady membership and dues increases into the future. This is our largest revenue source, comprising 47% of our total revenue stream annually.
- Our donor base is small, but it is loyal and, unfortunately, aging. The increasing number of estate bequests we have received in recent years is a double-edged sword. While the large gifts (over \$50,000) help build our endowment it also indicates the dwindling size of our loyal donor base. It remains to be seen how well we can continue to energize and expand the base to produce a stable level of annual support for existing programs.
- It is becoming increasingly difficult to find skilled, competent authors to write books. The Editorial Department is exploring different ways to uncover and attract the talent needed to support our ongoing need for new titles. New titles is the leading force behind the success of publication sales.
- The improving job market, pushing market salaries higher, may impact our ability to attract and retain a skilled workforce. A 3% increase pool may not be enough to retain highly skilled talent. This, coupled with the aging of the HQ management and staff, may impact our ability to remain fully staffed as employees retire or leave the organization.

As we have done for the past several years, we have separated this year's Plan into three parts, the Executive Summary with financial information by function, a detailed income statement and individual department narratives, written by the individual department heads that provide more specific details on operating plans for 2019. As you read through the department narratives you will notice a reoccurring theme of cost reduction and careful spending while reaching out and engaging our membership in the most positive ways.

We believe this Plan strives to maintain the current level of our services and programs for members, while continues the efforts we have begun to form ways of being attractive to the new licensee and 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 mindful expense management as the year unfolds.

Respectfully Submitted,

Howard E. Michel, WB2ITX
Chief Executive Officer

Diane L. Middleton, W2DLM
Chief Financial Officer

BOARD CONFIDENTIAL

AMERICAN RADIO RELAY LEAGUE, INC.
SUMMARY
2019 Plan

	2017 Actual	2018 Plan	2018 Plan (Reforecast)	2019 Plan	2020 Plan
REVENUES	\$13,965,369	\$13,621,000	\$13,571,000	\$13,634,000	\$13,685,000
EXPENSES	10,824,964	10,790,000	10,604,000	10,629,000	10,937,000
NET AVAILABLE INCOME	3,140,405	2,830,000	2,967,000	3,005,000	2,748,000
MEMBER PROGRAM EXPENDITURES	3,827,583	3,858,000	3,790,000	4,018,000	4,087,000
SUB-TOTAL	(687,178)	(1,028,000)	(823,000)	(1,013,000)	(1,339,000)
CONTRIBUTIONS	1,404,190	1,116,000	1,041,000	1,075,000	1,038,000
INCOME FROM OPERATIONS	717,012	88,000	218,000	62,000	(301,000)
NATIONAL PARKS ON THE AIR	39,823	-	-	-	-
SPECIAL OPERATING AWARD	-	(5,000)	(5,000)	(6,000)	(6,000)
GAIN/(LOSS) ON INVESTMENT	117,022	-	-	-	-
NET EXCESS (DEFICIT)	<u>\$873,857</u>	<u>\$83,000</u>	<u>\$213,000</u>	<u>\$56,000</u>	<u>(\$307,000)</u>

AMERICAN RADIO RELAY LEAGUE, INC.

**INCOME
2019 Plan**

	2017 Actual	2018 Plan	2018 Plan (Reforecast)	2019 Plan	2020 Plan
REVENUES	<u>\$14,007,443</u>	<u>\$13,621,000</u>	<u>\$13,571,000</u>	<u>\$13,634,000</u>	<u>\$13,685,000</u>
Product Sales	3,738,499	3,548,000	3,356,000	3,487,000	3,459,000
QST and Magazines	239,057	231,000	231,000	242,000	242,000
Advertising	2,060,715	2,000,000	1,920,000	1,786,000	1,747,000
Membership Dues	6,682,264	6,546,000	6,661,000	6,745,000	6,787,000
Program Fees	906,674	953,000	1,020,000	983,000	1,025,000
Interest/Dividends	204,476	203,000	243,000	265,000	300,000
National Parks on the Air	42,074	-	-	-	-
Special Operating Awards	-	-	-	-	-
Other	133,684	140,000	140,000	125,000	126,000
EXPENSES	<u>\$10,827,215</u>	<u>\$10,795,000</u>	<u>\$10,591,000</u>	<u>\$10,635,000</u>	<u>\$10,943,000</u>
Product Sales	2,871,947	2,786,000	2,657,000	2,704,000	2,583,000
QST and Magazines	2,468,502	2,390,000	2,355,000	2,435,000	2,526,000
New Media Outreach	13,231	7,000	2,000	4,000	4,000
Advertising	244,100	262,000	221,000	202,000	204,000
Membership Dues	782,715	817,000	847,000	815,000	1,040,000
Investment Expenses	1,048	2,000	2,000	2,000	2,000
National Parks on the Air	2,251	-	-	-	-
Special Operating Awards	-	5,000	5,000	6,000	6,000
Support:	<u>\$4,443,421</u>	<u>\$4,527,000</u>	<u>\$4,502,000</u>	<u>\$4,467,000</u>	<u>\$4,577,000</u>
Administration	868,204	937,000	934,000	694,000	718,000
Development/Fundraising	408,222	435,000	418,000	450,000	460,000
Controller	1,066,322	982,000	979,000	1,032,000	1,048,000
Information Technology	1,297,853	1,355,000	1,355,000	1,458,000	1,479,000
Administrative Services	240,214	232,000	231,000	237,000	242,000
Personnel	26,806	22,000	22,000	22,000	22,000
Change in Payroll Accrual	-	21,000	21,000	21,000	43,000
Building	535,800	542,000	542,000	552,000	566,000
NET AVAILABLE INCOME	<u>\$3,193,459</u>	<u>\$2,825,000</u>	<u>\$2,980,000</u>	<u>\$2,999,000</u>	<u>\$2,742,000</u>
Product Sales	866,552	762,000	699,000	782,000	875,000
QST and Magazines	(2,229,445)	(2,159,000)	(2,124,000)	(2,193,000)	(2,284,000)
New Media Outreach	-	(7,000)	(2,000)	(4,000)	(4,000)
Advertising	1,816,615	1,738,000	1,699,000	1,584,000	1,542,000
Membership Dues	5,899,549	5,729,000	5,814,000	5,930,000	5,747,000
Program Fees	906,674	953,000	1,020,000	983,000	1,025,000
Investment Income	203,428	201,000	241,000	263,000	298,000
National Parks on the Air	39,823	-	-	-	-
Special Operating Awards	-	(5,000)	(5,000)	(6,000)	(6,000)
Other and Support	(4,309,737)	(4,387,000)	(4,362,000)	(4,341,000)	(4,452,000)

AMERICAN RADIO RELAY LEAGUE, INC.
SPENDING
2019 Plan

	2017 Actual	2018 Plan	2018 Plan (Reforecast)	2019 Plan	2020 Plan
<u>MEMBER PROGRAM</u>					
<u>EXPENDITURES</u>	<u>\$3,827,583</u>	<u>\$3,858,000</u>	<u>\$3,790,000</u>	<u>\$4,018,000</u>	<u>\$4,087,000</u>
Advocacy	<u>\$777,819</u>	<u>\$771,000</u>	<u>\$769,000</u>	<u>\$965,000</u>	<u>\$944,000</u>
Washington	500,454	422,000	421,000	512,000	513,000
International/IARU	120,583	147,000	147,000	158,000	129,000
Communications	153,082	192,000	191,000	187,000	190,000
Outreach through Discovery	3,700	10,000	10,000	8,000	8,000
Regulatory Affairs	-	-	-	100,000	104,000
Field Services and Radiosport	<u>\$1,607,812</u>	<u>\$1,514,000</u>	<u>\$1,530,000</u>	<u>\$1,460,000</u>	<u>\$1,505,000</u>
Administration	162,222	177,000	176,000	182,000	189,000
Contest	150,123	156,000	155,000	148,000	152,000
DXCC/Awards	385,128	385,000	403,000	427,000	440,000
QSL Bureau	76,165	72,000	72,000	50,000	50,000
W1AW	157,425	164,000	165,000	167,000	171,000
Field Services	348,937	260,000	259,000	175,000	182,000
Emergency Preparedness & Response	208,885	184,000	184,000	193,000	200,000
Section Expenses	118,927	117,000	117,000	119,000	119,000
Educational Programs	<u>\$252,657</u>	<u>\$331,000</u>	<u>\$242,000</u>	<u>\$338,000</u>	<u>\$344,000</u>
Lifelong Learning	127,892	151,000	137,000	217,000	230,000
Education & Technology	124,765	180,000	105,000	121,000	114,000
VEC	<u>\$393,941</u>	<u>\$401,000</u>	<u>\$399,000</u>	<u>\$416,000</u>	<u>\$435,000</u>
LAB	<u>\$440,066</u>	<u>\$457,000</u>	<u>\$454,000</u>	<u>\$463,000</u>	<u>\$481,000</u>
Governance	<u>\$355,288</u>	<u>\$386,000</u>	<u>\$396,000</u>	<u>\$377,000</u>	<u>\$377,000</u>
Divisions	118,596	151,000	151,000	142,000	143,000
Officers	20,431	36,000	36,000	36,000	36,000
Board Meetings	124,018	120,000	120,000	120,000	120,000
Committees	92,243	79,000	89,000	79,000	79,000

AMERICAN RADIO RELAY LEAGUE, INC.
CONTRIBUTIONS / INVESTMENT ACTIVITY
2019 Plan

	2017	2018	2018	2019	2020
	Actual	Plan	Plan	Plan	Plan
			(Reforecast)		
<u>CONTRIBUTIONS AND SUPPORT</u>	<u>\$1,404,190</u>	<u>\$1,116,000</u>	<u>\$1,041,000</u>	<u>\$1,075,000</u>	<u>\$1,038,000</u>
Unrestricted	<u>\$645,788</u>	<u>\$476,000</u>	<u>\$476,000</u>	<u>\$494,000</u>	<u>\$485,000</u>
Diamond Club	378,160	365,000	365,000	365,000	365,000
Miscellaneous	267,628	111,000	111,000	129,000	120,000
Donor-Restricted: "Uses"	<u>\$758,402</u>	<u>\$640,000</u>	<u>\$565,000</u>	<u>\$581,000</u>	<u>\$553,000</u>
<u>Capital Campaign Earnings</u>	<u>\$94,602</u>	<u>\$62,000</u>	<u>\$62,000</u>	<u>\$66,000</u>	<u>\$66,000</u>
<u>David Bell Endow Earnings</u>	<u>\$5,034</u>	<u>\$3,000</u>	<u>\$3,000</u>	<u>\$3,000</u>	<u>\$3,000</u>
<u>Defense</u>	<u>\$327,243</u>	<u>\$285,000</u>	<u>\$285,000</u>	<u>\$285,000</u>	<u>\$285,000</u>
Program	270,227	230,000	230,000	237,000	237,000
Fundraising	57,016	55,000	55,000	48,000	48,000
<u>Education & Technology</u>	<u>\$148,401</u>	<u>\$204,000</u>	<u>\$129,000</u>	<u>\$143,000</u>	<u>\$136,000</u>
Program	124,764	180,000	105,000	121,000	114,000
Fundraising	23,637	24,000	24,000	22,000	22,000
<u>Legislative Issues Advocacy</u>	<u>\$24,945</u>	<u>\$18,000</u>	<u>\$18,000</u>	<u>\$0</u>	<u>\$0</u>
Program	\$10,174	\$0	\$0	\$0	\$0
Fundraising	\$14,771	\$18,000	\$18,000	\$0	\$0
<u>Legal Research & Resource</u>	<u>\$710</u>	<u>\$3,000</u>	<u>\$3,000</u>	<u>\$3,000</u>	<u>\$3,000</u>
<u>Lab Fund</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Collegiate Amateur Radio</u>	<u>\$4,088</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Preservation of Artifacts</u>	<u>\$2,301</u>	<u>\$1,000</u>	<u>\$1,000</u>	<u>\$1,000</u>	<u>\$1,000</u>
<u>W1AW</u>	<u>\$19,074</u>	<u>\$24,000</u>	<u>\$24,000</u>	<u>\$40,000</u>	<u>\$18,000</u>
<u>Ham Aid</u>	<u>\$84,218</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>ARDF</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>E. Smith Earnings</u>	<u>\$40,000</u>	<u>\$40,000</u>	<u>\$40,000</u>	<u>\$40,000</u>	<u>\$40,000</u>
<u>Colvin Award</u>	<u>\$7,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Hiram Percy Maxim Award</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>DX Log Archive</u>	<u>\$786</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>GAIN/(LOSS) ON SALE OF INVESTMENTS</u>	<u>\$117,022</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

BOARD CONFIDENTIAL

CAPITAL EXPENDITURES

ARRL, Inc.
The National Association for Amateur Radio

2019 Plan

Proposed Capital Expenditures

<u>Department</u>	<u>Description of Item</u>	<u>Cost</u>
Information Technology	Desktop Computers with Monitors -10	\$ 7,750
	Laptop Computers - General Use - 2	2,200
	Laptop Computer - Public Relations	1,500
	Laser Jet Printers - 4	5,000
	Extreme Network – LAN/VoIP Switch	51,000
	HP DL380 G9 Servers - 2	28,000
	HPE Store 1650 Disk - 4	5,000
	Barracuda Hardware Upgrade	44,000
	Lifelong Learning	E-Learning Authoring Software
W1AW	Broadcast Transceiver	3,100
Building	Building Projects	10,000
Total		<hr/> \$ 158,750

ARRL, Inc.
The National Association for Amateur Radio

2019 Plan

Proposed Capital Expenditures

A. Desktop Computers

As we do each year, we plan to replace older desktop computers (over 3 years old). We continue to be diligent about our replacement goals which allow us to replace a modest amount each year rather than have one year with a significant expenditure. This year's proposal encompasses 10 desktop computers.

B. Laptop Computers

Two laptop computers are included in the Plan to replace aging laptops that will be more than 5 years old in 2019. These laptop computers are primarily used by traveling staff on ARRL business.

C. Laptop Computer – Public Relations

The proposal includes a dedicated laptop computer with robust processing capabilities to handle mobile image and video-editing requirements of the Public Relations department.

D. Workgroup Laser Printers

As with the computers, we also plan to replace older printers (over 5 years old) on a regular basis as needed. The Plan for 2019 includes the replacement of 4 mono laser printers. It is expected these printers will replace printers in IT, W1AW, Fulfillment and the Awards departments.

E. Extreme Network – LAN/VoIP Switch

This upgrade is for scheduled retirement of our existing LAN switches which have reached end-of-life (end-of-support) in 2018. Such a designation makes it difficult to obtain replacement parts on a timely basis, vendor support or technical assistance for a critical component of our IT infrastructure.

This is also phase 1 of a project that will eventually replace the Avaya VoIP switches (phase 2) which are schedule to reach end-of-life in 2020.

A new feature included with this setup is software which provides a Graphical User Interface (GUI) based management tool for the new switches. This will allow the LAN part of the network to be supportable by more members of the IT staff and allow better analytics and understanding of the data flowing through our network. We will also be less reliant on highly specialized command

line knowledge which varies between the individual switches and is possessed by fewer individuals.

F. HP DL380 G9 Servers

These servers will be replacements for two of the HP DL380 Gen8 LoTW database servers that make up the LoTW service offering from ARRL HQ. These servers constitute ARRL's LoTW data repository that provides all IT services in support of Logbook of the World. The current servers will be six and seven years old respectively in 2019. Consistent with a policy of five-year hardware replacement, these servers are due (overdue) for replacement in 2019.

G. Network Attached Storage Device HPE StoreEasy 1650

The proposal includes four network attached storage devices. These will expand the 2nd tier of network storage (NAS) available on ARRLHQ LAN and acquire HP licensing for the expansion. It will provide additional iSCSI space to replace aging QNAP devices currently used to backup LoTW databases and is needed for current backups as well as to support future growth of the LoTW databases.

H. Barracuda Hardware Upgrade

The Barracuda backup device is again running at 70% capacity for the information being backed up from ARRL systems. Several times in the last year it has peaked at 95% and the adjustments that have been made are to reduce the duration for which current backup data are being retained.

Currently, we are backing up images of all VMware virtual machines to a local backup device in-house, but do not have the capacity to transmit those images off-site. These off-site images would be crucial to the rapid recovery of our internal systems in the event of a major disaster event that would affect the entire Newington Headquarters facility. While the normal system backups would protect much of the data and software used in Newington each system would have to be recreated to the point the data could be reloaded to return to service.

I. E-Learning Authoring Software

One of the new resources requested by the Lifelong Learning Department to support its 2019 initiatives is E-Learning authoring software. This software will aid in the creation of modern, visually-appealing instructional materials necessary for developing engaging Lifelong Learning training courses.

J. Broadcast Transceiver

In the continuing effort to keep updated and functioning equipment in W1AW, the proposal includes replacing one of the two remaining old Icom IC-756 Pro-series transceivers that will be over 10 years old in 2019.

K. Capital Maintenance Projects

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

BOARD CONFIDENTIAL

BOARD CONFIDENTIAL

STAFFING

ARRL, Inc.

The National Association for Amateur Radio

2019 Plan

Staffing

The total staffing complement proposed in the Plan for 2019 includes 82 full time and 4 part-time staff for a total of 86 employees. This represents a total of 85 Full Time Equivalent (FTE) positions and a net reduction of 1 part time position from the approved 2018 Plan.

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

Changes in the staffing for 2019 that should be noted:

1. With the shrinking client base for advertising and whole books, the Advertising department eliminated an Account Representative position that was recently vacated due to an internal promotion.
2. The part time Customer Service Representative position was eliminated when the position became vacated through an internal promotion.
3. In 2018, we anticipated the ability to reduce the Awards staff by one Date Entry position with the new DXCC software system going live. As testing and evaluation of the new system took place this year the ability to eliminate a position is not a reasonable assumption to maintain the same level of service and therefore has been reinstated in the 2019 plan.

Also included in the Plan is an average increase of 3.0% for the staff, effective on April 1, 2019. This does not mean that everyone will receive a raise, or even if they do, one that will equal 3.0%. Each individual's performance will be reviewed and any merit increase in their compensation will be based on this review as well as where their current compensation is within the appropriate salary range.

AMERICAN RADIO RELAY LEAGUE, INC.

STAFFING SUMMARY

<u>Function/Department</u>	<u>2018 Plan</u>			<u>2019 Plan</u>		
	<u>FT</u>	<u>PT</u>	<u>Total</u>	<u>FT</u>	<u>PT</u>	<u>Total</u>
<u>Production</u>						
Editorial/Production						
Administration	2		2	2		2
Graphics	2		2	2		2
Composition	2		2	2		2
Editorial	4		4	4		4
<u>Sales & Marketing</u>						
Advertising	4		4	3		3
Membership	1		1	1		1
Marketing	2		2	3		3
Fulfillment	5	2	7	5	1	6
Warehouse	4		4	4		4
<u>Support</u>						
CEO	3		3	2		2
CFO	2		2	2		2
Development	3		3	3		3
Controllers	5		5	5		5
Information Technology	10		10	10		10
Administrative Services	3		3	3		3
Building Maintenance	1		1	1		1
<u>Advocacy</u>						
Washington D.C.	1		1	1		1
Communications	2		2	2		2
Regulatory Affairs				1		1
<u>Radiosport & Field Services</u>						
Administration	2		2	2		2
Contests	1		1	1		1
Awards	5		5	6		6
QSL Bureau		1	1		1	1
Field Services	3		3	2		2
Emergency Preparedness	2		2	2		2
W1AW	2		2	2		2
Laboratory	4		4	4		4
Lifelong Learning	1	1	2	1	1	2
VEC	6	1	7	6	1	7
Total Staff	82	5	87	82	4	86
FTEs			85			85