Governing Council  
June 22, 2015  
Report of the Treasurer

A. Information Items  
This report covers the following topics:  
• FY 2015 Financial Status as of May 2015  
• FY 2016 Approved Budget  
• Membership Dues Increase

B. Discussion  
■ May 2015 Financial Status

A summary of Current Year-to-Date Results  
• Revenues are $15,375,963 (89% of budget); under budget by $790,546. Expenses are $15,388,092 (87% of budget) and under budget by $704,573. This resulted in a loss of $12,128 from operations. When investment income is added the bottom line is income of $191,605.

• Membership – Membership dues are under budget by 12% ($372,319) year-to-date. All member types are under budget except for agency and affiliate dues.

• Convention – Convention revenue is under budget by $98,489 and its associated expenses are under budget by $3,115.

• Publications – This department includes subscriptions and royalties, books and advertising. Subscription fees and book sales are over budget by $81,202 and $10,049 respectively while advertising revenue is under budget by $85,410.

• Grants and Contracts – Contracts and grants are below budget by $358,809. This is partly due to some activities that are yet to occur and anticipated grants that fell through.

As always expenses lag behind. The current year-end projection shows that we will end the year below our planned operating deficit of $466,640 currently projected at $448,769. This is $17,871 less than the planned budget. The reserve spending supported two major capital expenses: A new HVAC system and a portion of the web site upgrade.

■ FY 2016 Approved Budget

At their May 2015 meeting, the Executive Board approved the FY 2016 budget with revenues at $16,610,390 a decrease of 3.34% and expenses of $16,610,390 which is a decrease of 5.89% compared to the FY 2015 budget. The Association relies on four major sources of revenue -- Membership dues, Convention revenue, Publication sales, and income from Contracts and Grants.

2016 Business Plan:
To craft the 2016 budget the association made the following environmental & revenue assumptions.

The economy is slowing returning but state and federal money is not flowing to public health programming. Individuals continue to be the major source of dues revenue, not their employers. APHA is competing against a variety of specialty and public health associations for members. The on-line market continues to severely reduce print advertising and has a continued downward presence on book sellers. Library budgets continue to be squeezed and are effecting journal subscriptions. Open access continues to threaten the business model of journals. Foundations are increasingly focusing their grant giving to a few organizations for targeted purposes.
Budget Assumptions: The following are the budget assumptions based on this environmental scan.

- **Membership**: Targets a monthly average of 23,630 individual members, 54 affiliate members and 86 agency members. The Association will recruit new members through a nationwide direct marketing campaign to schools and programs of public health; membership services will target lapsed members and purchase lists for acquisition mailings; in addition, the membership department will implement a seven-part renewal series and test additional initiatives to engage members. The membership department is also reassessing current member benefits and developing plans to increase its visibility. A 10% dues increase is included in the budget assumptions to start January 2016, pending Governing Council approval in November.

- **Annual Meeting**: The annual meeting budget is based on a FY 2016 budget assuming 13,000 attendees. In order to reach this projection, APHA will expand the scope of its promotional efforts through targeted marketing to specific Sections, geographic areas and by partnering with other health related organizations. The conventions team is also working closely with vendors to control costs while maximizing the attendee experience.

- **APHA Press (Books)**: APHA Press sells directly to major distributors, programs and schools of Public Health, and APHA members. APHA will release 3-4 new books next year.

- **Subscriptions**: APHA targets public health institutions across the United States and globally and traditional and nontraditional subscribers. The Department actively solicits for online, theme and full supplements to increase revenue base. The budget assumes a stable subscriber base and growth in open access revenues.

- **Advertising**: The FY 2016 budget targets monthly advertisement agencies, Schools and Programs of Public Health, Health related companies and organizations, and marketing through Standard Rate Data Services. It recognizes the marked reduction in the demand for print ads and the increase demand for on-line ones. On-line ads bring in less revenue per ad but have a greater reach.

- **Professional Development (Public Health CareerMart)**: The FY 2016 budget targets employees and job seekers to post jobs and resumes utilizing APHA’s Public Health CareerMart online. In addition, CareerMart’s is also an online career development center offering coaching services, career tips, resume writing, social networking and reference checking.

- **The Association will actively seek federal and private foundation funding to enhance and advance APHA’s strategic priorities. The budget assumes stable federal funding, recognizes the ending of some existing grants and one new grant from the Kellogg foundation.**

- **APHA will continue to seek unrestricted individual contributions and approved corporate sponsorships to support current programs.**

- **APHA will be in negotiations with our current tenant or a prospective tenant to lease the 6th floor of the headquarters building at current market rates at the end of FY 2016.**

- **Membership Budget** - In the FY 2016 approved budget, APHA projects membership revenues of $3,084,990 which is a 6.31% decrease compared to FY 2015. The budget also includes a 10%
increase in membership dues with an anticipated start date of January 1, 2016. The increase in dues will result in $15,000 of additional revenue. The 10% dues increase is included and projected to yield roughly $174,000 in additional revenue in its second year.

- Conventions (Annual Meeting) Budget - Annual meeting revenue is budgeted at $6,386,200 based on anticipated registration of 10,457 paid attendees. This is 3.59% increase from FY 2015. APHA also accounted for a slight decrease in the number of exhibiting organizations.

- Publications Budget - The Publications Department budget includes subscription fees, royalties, and advertising and book sales. Subscription fees and royalties are budgeted at $1,366,320 (a 3.86% increase compared to FY 2015); advertising revenue is at $319,000 (a 3.50% increase compared to FY 2015); Book sales are at $930,000 and Professional Development-CareerMart is budgeted at $453,200 (a 1.84% increase compared FY 2015).

- Contracts and Grants Budget - APHA anticipates $3,480,050 in awarded contracts and grants. This is 18% reduction from the FY 2015 budget, and includes $547,450 of indirect project costs.

- Other Revenues-Budget: Other revenues include development contributions which are budgeted at $193,760; Interest income budgeted at $12,800; rental income budgeted at $311,200 and miscellaneous income budgeted at $72,860. The miscellaneous income includes, label sales, parking revenue and sponsorships.

**Expenses** - Expenses are budgeted equal to the Association’s anticipated revenue of $16,610,390. The following is a breakdown of how the FY 2016 budget tracks against APHA’s strategic plan.

- Strengthen Public Health Practice: $5,061,542
- Building a Public Health Movement: $5,417,262
- Align Organizational Capacity and Infrastructure: $6,131,586

C. **Membership Dues Increase**

The approved budget includes a 10% increase in dues pending Governing Council approval at the November meeting that will take effect on January 1, 2016.

In 2012, the Association approved a new membership model. This model resulted in dues adjustments and the elimination of two member types with the anticipated result that the Association would gain additional members. This has not been the case. APHA also postponed the Governing Council approved consumer price index inflationary annual adjustments for two years. As noted above, year-to-date, all four major revenue streams are below their planned budgets. The APHA Executive Board approved a balanced budget for FY 2016 that will require enormous work from the staff to achieve. The proposed 10% dues increase will be voted on at the November Governing Council meeting.

### Dues Income:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015 Budget</th>
<th>2015 YE Projection</th>
<th>2016 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dues Revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individual</td>
<td>$2,976,057</td>
<td>$2,806,949</td>
<td>$3,212,530</td>
<td>$2,768,702</td>
<td>$2,996,290</td>
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<tr>
<td>Agency and</td>
<td>$89,639</td>
<td>$73,453</td>
<td>$80,130</td>
<td>$85,246</td>
<td>$88,700</td>
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<tr>
<td>Affiliates</td>
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</tbody>
</table>
**Historical Dues Rates:**

<table>
<thead>
<tr>
<th>Member Type</th>
<th>January 2011</th>
<th>January 2012</th>
<th>January 2015</th>
<th>January 2016 -10%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer</td>
<td>$80</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
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<tr>
<td>Contributing</td>
<td>$250</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
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<tr>
<td>Regular Member *</td>
<td>$195</td>
<td>$200</td>
<td>$200/$180*</td>
<td>$220/$200*</td>
</tr>
<tr>
<td>Regular Member-Joint Affiliate</td>
<td>$142.50</td>
<td>$142.50</td>
<td>$165</td>
<td>$185</td>
</tr>
<tr>
<td>Special Health Worker*</td>
<td>$80</td>
<td>$82</td>
<td>$95/75*</td>
<td>$105/85*</td>
</tr>
<tr>
<td>Special Health Worker-Joint Affiliate</td>
<td>n/a</td>
<td>$60</td>
<td>$60</td>
<td>$70</td>
</tr>
<tr>
<td>Retired Member</td>
<td>$80</td>
<td>$82</td>
<td>$85/65</td>
<td>$95/75</td>
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<tr>
<td>Student*</td>
<td>$60</td>
<td>$61</td>
<td>$75/55*</td>
<td>$80/60*</td>
</tr>
<tr>
<td>Student Joint Affiliate</td>
<td>$45</td>
<td>$45</td>
<td>$50</td>
<td>$55</td>
</tr>
<tr>
<td>Early Career Professional*</td>
<td>n/a</td>
<td>$113</td>
<td>115/95*</td>
<td>$125/105*</td>
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<tr>
<td>Transitional</td>
<td>$110</td>
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</table>

*Green discount (As of 5/31/15, there 12,252 participants)