

MEMORANDUM

TO: Delegates to the 64th League of Women Voters of Ohio Convention

FROM: Scott Britton, Chair, Budget & Finance Committee

DATE: March 15, 2021

RE: Proposed FY22-23 LWVO Budget

On behalf of the Board of Directors and the Budget & Finance Committee, I am pleased to present the proposed LWVO budget for fiscal years 2022 and 2023 (period beginning July 1, 2021, through June 30, 2023).

As one of the few truly grassroots national organizations remaining, the League of Women Voters may be the only organization that asks its members at the local, state and national level to approve its budget. This practice remains true because of our commitment to transparency and because decisions like Per Member Payment assessments impact operations at each level. We recognize that League members care about revenue and spending goals for the next biennium.

After running deficits and withdrawing from reserves for five years in a row, LWVO/EF finished FY20 in a strong position with a clean audit. We ended the year in the black due in large part to the Paycheck Protection Program and reduced costs attributable to the pandemic, but also to the generosity of members and the fundraising skill of staff and board. We continue to be in a strong position in FY21, a promising indicator for the next biennium. We hope that our members will be proud of our prudent fiscal stewardship and will continue trusting the League with their generous support moving forward.

We on the Budget & Finance Committee are especially pleased to present a balanced budget that does not rely on a withdrawal from reserves, does not increase PMP, and moreover increases staff compensation to levels in line with that of comparable nonprofits. Employee salaries will increase substantively in the first year and then again in the second year of the biennium in conformance with the Personnel Committee's recommendations. This committee fully supports these increases as an effort to recognize the staff's professionalism and to retain their services into the future.

For those interested in learning more about the simplified budget presented here, we encourage you to attend a budget workshop during Convention. As a reminder, Convention delegates will only vote on the LWVO budget, but because of the interdependence of the two organizations, we present both the LWVO and LWVO Education Fund budgets, with FY20 offered for comparison purposes. (The Board adopted the Ed Fund budgets on March 13.)

Below we have highlighted several sections of the budget:

No proposed increase in PMP (Member Support line). No increase in Per Member Payment is recommended in either year of the biennium. In fact, PMP has not increased in more than a decade. PMP will therefore remain at \$25 for each member and \$12.50 for each additional household member,

with no PMP assessment for students or lifetime members; the 5 percent discount for early payment will remain in place, and local Leagues may choose to pay 25 percent of PMP through their Education Fund.

Local Leagues have done a commendable job of increasing membership over the last five years – an increase of 31 percent from 2016 to 2020!. Local Leagues may have to work hard to retain those members beyond their first year, as will LWVO in maintaining at-large members, and no PMP increase means that they may be able to offer sliding fees in order to increase membership diversity.

Revenue items moved off-budget. Past budgets have included revenue from interest-bearing investment accounts even though much of that interest is reinvested and not available to the operational budget. Along the same lines, unrealized gains and losses were presenting an inaccurate picture of the revenue available to pay for operational expenses. Therefore, these items have been moved out of this operational budget (Investment Income line); they will appear on the balance sheet instead. Similarly, revenue from the INSPIRE! campaign has appeared in the operational budget (Restricted Revenue & Dedicated Gifts line) when in fact those funds are maintained separately in a long-term endowment and are not available for day-to-day operations.

Grant revenue and expenditures. Staff have done an impressive job of securing grant funding over the last few years, but other than a couple of perennial funders such as the Joyce Foundation, grant income can vary significantly from year to year and can be unpredictable. Grants available during the competitive presidential election won't be available for this biennium. Therefore, the Restricted Revenue & Designated Gifts line includes only those funds that will need to be raised to cover operational expenses, versus special projects, and the Grants Expenses line has been zeroed out because the spending is distributed across existing expense line items. This will give Jen guidance as to minimum grant funding that must be raised to cover operational expenses, and while it is higher than desired, it also gives her the flexibility to adjust spending if grants do not come in as anticipated.

Unrestricted contributions and fundraising expenditures. Working with the Development Committee, we projected bold but realistic increases for the various fundraisers in the Unrestricted Contributions line (Women's Equality Day, year-end giving, Trailblazer annual campaign, etc.). We also included some of the Development Committee's request for fundraising-related expenses – costs related to design, printing, postage, social media, data cleanup, sales, and other items (Development Expenses line) – more in the first year to cover data management, website revisions and other one-time costs.

Event revenue and expenses. Given the pandemic and the uncertainty of when a return to [a new] normal might happen, both Statehouse Day in the spring of 2022 and 2023 and State Convention in the spring of 2023 are budgeted as in-person events but could easily be scaled back to virtual events. The committee considered that less emphasis should be placed on calculating likely costs and revenue and more emphasis placed on the difference between revenue and expenses, i.e., the difference between the revenue from the Member Events line and the expenditures in the Other Program Expenses line. Therefore, Statehouse Day revenue is budgeted to exceed expenses by \$1,000 each year, while State Convention revenue is budgeted to exceed expenses by \$3,000 – both modest yields. Bigger margins for these events could reduce pressures in other areas such as grantseeking.

Staff salaries. As with any nonprofit, salaries make up the biggest portion of expenditures. Based on recommendations from the Personnel Committee to raise staff compensation, the committee is proposing substantive salary increases for the three longtime salaried staff over the biennium (Salaries

& Services line). These increases are long overdue and, we hope, will improve the likelihood of retaining all of our talented staff members. The budget provides flexibility for Jen to offer, if she chooses, reduced hours for staff when circumstances arise and to backfill lost time with additional part-time or contract staff so long as expenditures remain within the overall personnel budget.

Board expenses. The budget calls for a partial return to in-person meetings of the board (Board Expenses line) but recognizes that savings can be realized by continuing to hold some meetings virtually. National Convention/Council costs are also included in that line, and include travel for staff and a board member.

Vote411. This budget continues LWVOEF's payment of \$7,000 to cover Vote411 for the state and projects reimbursement from local Leagues (Other Program Expenses line). This is a significant cost savings for local Leagues.

Transfers. A fund transfer from LWVO of \$5,300 in FY22 and \$11,100 in FY23 will be necessary to cover projected LWVOEF deficits. This is not a withdrawal from reserves, but rather a transfer of LWVO's projected net increase to cover LWVOEF's net decrease.

I am grateful for the hard work of the committee, which includes Treasurer Gail Pytel, Debbie Schmieding, Deb Peluso, and off-board member Barbara Hunsicker, as well as, more recently, incoming Treasurer Audrey Morris. Thanks also to President Iris Meltzer for participating in all committee meetings and to staff for guidance and background information.

We are happy to answer any questions you have about the proposed budget.

At Convention, the Budget & Finance Committee will offer the following motions:

- 1) That PMP remain at \$25 per member (\$12.50 per each additional household member, \$0 for student members);
- 2) Adoption of the FY22-23 LWVO budget.