**FY2017-18 BUDGET NARRATIVE “COMMENTARY”**

By: Avi Black, Interim Executive Director

The budget is complicated. In the interest of making it clear and transparent, I'm going to send out an email every day or two with some bullet points to go beyond what's in the budget narrative and to guide you (who want it) in reading it. This is as much "for the record" as anything else, so it's written down for future generations. PLEASE DON'T LET THESE OVERWHELM: if you've had enough (even already), just ignore them. YOUR comments are far more important in terms of our reaching consensus. Focus on those.

**TOPIC #1: OVERVIEW (June 11, 2017)**

1. Bottom line: the net is +2,253. A small but positive amount. Basically, this is written as a balanced budget
2. Focus on column 4 -- that's where "the story is told". It's highly itemized, where we had information to draw on for itemized projections.
3. Column 5 generally has two useful pieces of information that were used in making projections: (a) in general, whether (as with most items) we used last year's (and the prior year's) budget allocation as the primary basis for this year's (which is true for most items), because we have a predictable trend to work from; and (b) the actual amount spent in that category as of 4/30/17, per Laurie's accounting (in bold italics, in parentheses).
4. Back to column 4: for the main budget categories (3 digits, in bold), note the numbers indicating the percentage each category represents of total expenses. (For revenues, those percentages are in parentheses and in bold, in column 3; and, for subcategories -- three digits but not bold -- the percentages are of the total for the main category.) To notice:
   1. The vast bulk of our revenues are from the conference -- we project over 86%! And only dues ($13+%) are a substantial percentage. *We rely on the conference -- it MUST succeed!*(Even the membership dues are strongly linked to conference attendance numbers.) Getting people to the conference is our #1 goal. In the future: we should look to diversity!!!
   2. The #1 expense: the conference (no surprise), at almost a third of all expenses. Next: personnel, at 31.7%. *Our hired personnel must come through!*Third is the Board, at 19% -- add that to "personnel", and it's half of our expenses. (That last one is 21.4% if you add in the allocations for local councils -- so what local councils do can well be considered part of that critical 1/2 of our allocation to keep the organization running smoothly and effectively.)

**TOPIC #2: CATEGORY 300 = GOVERNANCE (June 15, 2017)**

Next to the conference and our hired personnel (ED and leg analyst), each of which makes up about 30%, the amount budgeted to support "governance" of the organization makes up the greatest proportion of our total expenses (about 20%). Given that our governance -- the Board (and local councils, if you factor in the $10/member we INVEST in them) -- is purely volunteer, this should be seen as a substantial investment in supporting our "governors'" work. This category perhaps best exemplifies the spirit of the budget as a whole as a statement of commitment and investment: we NEED to spend this money, because spending it means our leadership is actively promoting our goals!

Of the $40K invested in governance ($45K, if we include the $$ that go back to locals from dues), the largest segments are:

* Board meetings (304): 35-40%
* Committee work (303): 25-30%
* Insurance (307): 10-15%
* Dues to locals (308): 10% (NOTE that this is not actually "budgeted" under the 300 category -- it's category 6802 -- but conceptually it sorta belongs there, which is why it's always been in there as category 308, strangely enough, even without any monies allocated there)

It's very much worth noting that we spent VERY little of the money allocated to Governance in 2016-17, including $0 for committee work and $0 for executive travel! (It looks like nothing was spent on the Exec Retreat or on liability insurance, either, but the former just wasn't yet calculated by 4/30 and the latter hadn't yet been bought, which is now remedied). *These $$ need to be spent in the future for the health of the organization!!!*

Also, note that this year we've allocated a good chunk ($10K) for the strategic plan (category 3037). As we discussed at the Board meeting, this is a MAXIMUM allocation: we do NOT necessarily need to spend this much, and won't unless the Board agrees there is a planner/group worth investing that much into (i.e. the return on the investment will be "profitable"/beneficial to CCSS). The EC decided to recommend this much as a statement of our commitment to the effective running of the organization -- and, as it stands, we were able to do so while still projecting an overall surplus. If you believe those monies should be allocated elsewhere, for more beneficial purpose, *please do offer that recommendation (with rationale) to the group!*That's just one example, but given the size of that investment, it's worth singling out for mention.

Details on other specific categories:

* 3011-3016: We really do need to strengthen two sets of connections: (a) between the EC (especially, area VP's) and regional reps (the bulk of Board members); and (b) between CCSS and our organizational partners. While these categories allocate $$ to each of the EC members, they can be passed along to other Board members in order to advance these connections. For example: it would be GREAT to have a liaison on the CCSS Board who attends at least one meeting for each of our  major partnering organizations (e.g., CRF, CCEE, the CAHSSP...). Should those liaisons rotate from year to year, or hold such a position for a longer term? To be discussed at the August Board meeting!
* 3031-36: as above, our committees NEED to spend their money! We will make sure each committee puts in a proposal at the August Saturday meeting setting up a plan for spending its allocation for the year.
* 3041-44: We substantially increased these allocations to come closer to budgeting for the FULL $1000 FOR 4 MEETINGS to be available to Board members for travel and accommodations. Will we spend it all? By past practice, almost certainly not. BUT, we've heard lots of comments about how challenging it is to stay under the $250/meeting limit. We don't want to encourage people to "overspend", but we're not worried about that -- everyone is very responsible about that. What we do NOT want to do is have this limit be a barrier to people attending meetings and/or being AWAKE at meetings (hard to do after waking up at 4 AM to get there). We will be discussing policies for reimbursements at the August Board meeting. *These allocations allow us to come up with sensible alternatives to current practices without encouraging overspending.*

**TOPIC #3: CATEGORY 6XX AND 720 (June 19, 2017)**

These categories are pretty straightforward and matter-of-fact.

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I'm going to do this one entirely as bullet points.

* Category 600 (Office Expenses): 7% of organizational expenses (very reasonable)
  + 6001-6002: If these are higher, it means we have more revenue coming in, so no problem there!
  + 6005: The current laptop is falling apart, this will allow the new ED to purchase a high-quality laptop for multiple purposes (and associated peripherals, as needed)
  + 6011: As a new contract is developed for the new ED (see category 620), the decision can be made whether or not to keep this item as a "perk" for the ED -- I personally decided not to take it, as I'll be deducting any space used for the ED on my income taxes in Schedule C (which will not amount to this much)
  + 6012: This is beyond what would go to a web person, to allow for any kind of support needed in this "era of transitions"

Category 620 (Personnel): Almost 32% of organizational expenses, and thus -- of course -- a critical element of our organization. It includes the two people currently hired by CCSS. Their functions are critical, in league with those of the Board, to make things run!!

* + 6201-6204: The rationale on "rolling together" all of these expenses, so that item 6203 becomes the sum of the four categories, was included in the motion at the last Board meeting. This sets up a precedent allowing for reversion to the ED being on an independent contract. This will not necessarily be what the organization does, so that -- if a decision is made to continue the practice of having the ED as a full-time, exempt employee, 6203 could be broken down into the four categories, as it was last year. At the same time, the single contract for an ED could be broken into two (one for an ES and one for an ED) if it were decided that would be better. I.E., this is done to allow the organization maximum flexibility in determining how to contract and compensate future ED/ES's.
  + 6208: This item was increased to heighten the ability of our leg analyst (Fred) to contribute to events at the local level, thus enhancing the advocacy functioning of the organization -- a major priority.
* Category 625 (Accounting)/Category 645 (Tax and Licenses): Total of less than 3% of organizational expenses. These are quite self-explanatory. The only "unusual" figure: for the accountant. This is another anticipated increase in expenses related to the transitions we're facing.
* Category 680 (Membership Expenses): 2.7%
  + 6802: In keeping with the practice of anticipating all expenses that advance the organizations' functioning, this figure is derived by proposing that ALL possible "refunds" of dues ($10/member) for local councils will be distributed. There WILL be work done to streamline those procedures. At the same time, the "narrative" here calls on locals to use the funds to advance the usefulness of the organization to our members. This is a major function of our regional directors, in concert with local council officers. Let's make this work!
* Category 720 (Pubs Operations): For such an important aspect of the organization, is 4.4% enough to allocate?!!
  + 7201: Many people have observed how needed it is for the website to be cleaned up and kept in top shape, as a communications, information, recruiting, etc. tool. This investment is to bring in someone with the technical expertise to help make that happen -- but it WON'T happen well without key support and direction from the ED and the Pubs Committee. So, if we spend this, we need to have a plan, along with the commitment of key individuals to support the process. This will be a major point of conversation at the August committee and Board meetings.
  + 7202: Since we no longer print hard copies, this is almost exclusively for our subscribers who require those to be sent, plus some extras for other purposes as they arise. Note that we no longer have to print in bulk to get good rates, so this allocation can and should be used carefully and with planning - again, mostly with direction from the Pubs committee.
  + 7203: We have multiple forums to communicate with our members and others. Constant Contact was recently renewed, but it is unlikely we'll need to do so in the future as we work to merge the databases for purposes of streamlining and coordinating our communications and record-keeping.
  + 7205: In case Ayisha gets tired of doing this... :) (Ain't she the greatest?)
  + 7206-7207: Some have suggested we increase from the current amounts (as herein allocated) to attract people for the positions. Without any other changes, we are projecting a surplus, so that might well be possible.
  + 7208: The EC felt that with work to be done first on website production and maintenance, this function can wait until later, if it is advisable to do at all.

**TOPIC #4: CONFERENCE – REVENUES AND EXPENSES (June 22, 2017)**

***CONFERENCE REVENUES***

***Reg Fees:***Clearly, our major source of conference revenues -- and, by extension, of our overall organizational revenues -- is conference reg fees. We have had approximately 500-600 attendees at the last few conferences, but we've hit 700 a couple of times in the past decade as well. *Yes, this is a risky projection!!*In fact, because of its impact on the budget, this is the single most important item. If we only get 650 registrants, we effectively "lose" almost $10K, and you can see what that would do to the budget as a whole. Given the current economic circumstances, and limited sources of funds to support teachers coming to the conference, this means we REALLY need to work to reach our target. Holding the conference in San Diego should be helpful. More important is the commitment of the conference planning group, led by Greg, who's been doing a massive amount of work to get everything together and to gather a planning group that will make this all work. Collaborations with CUE and other groups are in the offing; Michelle is putting together a forum of gubernatorial candidates for Sunday that stands to create a large audience; etc. But the bottom line is that WE -- the Board -- really need to be actively recruiting!!! The registration advertising materials will be up on the website by the end of next week so be prepared to start pulling people in!!!

***Exhibitors:***We will be increasing the fee by about $25, as shown in the chart; the rationale for doing so (without losing exhibitors) is as stated. The planning committee and EC are confident we'll fill the hall -- we're almost there already! (Though, of course, we do need to get official exhibitor registrations, which will be set up along with conference reg stuff.) NOTE: for purposes of clarity in accounting, I'll be "extracting the cost" of booths that go to our sponsors (platinum sponsors get two booths, gold sponsors get one) -- essentially, this is to recognize that we get less exhibitor revenue for each high-level sponsor we attract. But, of course, our sponsors give us much more revenue than that, so it's not like we want to find fewer sponsors for that reason!

***Sponsors:***All hands on board here! From what we've heard, last year's sponsors were very happy with what they experienced, so we're anticipating they'll all return (initial overtures strongly suggest this will be the case). To meet our revenue goals (combo of exhibitors/sponsors), we need to find one new platinum or two new gold sponsors. We already have a couple of organizations we think will be receptive -- but, as with everything, all hands on board, we need everyone's help in generating ideas and making contacts so we can be sure to hit our target!

***Food:***The total for the next three categories is about $6000. The amounts charged for each event are WAY lower than the costs at the conference center (which range from $40 for the Leg Breakfast buffet to about $75 for the awards celebration), but given that our food minimum is quite high (over $26K -- see below), the charges we make to diners is all revenue for us, and we're unlikely to incur greater costs if we have more people since we won't meet that minimum.

***CONFERENCE EXPENSES***

***A/V:***Check this out -- we wanted to have a projector, screen and hook-ups in every break-out room and the main hall, but it would cost us over $500 per room *per day*for projectors and screens alone! Our brilliant solution: pay the conference center only for the screens and hook-ups (saving about $350/day x 3 days x 10 rooms) and BUY our own projectors, at about $100/each (yes, you can get a decent digital projector for that much these days)! We can keep as many of them as we like and give away others (very slightly used) as door prizes, for districts/schools who register the most people, or whatever. Pretty cool, huh?

***Internet:***All conference registrants get unlimited internet access throughout the conference center during the whole conference, and it won't break the bank. Another coup!

***Hotel room charges:***In return for the center getting our food and hotel room revenues (we DO have to hit our minimum, as always), we get all breakout rooms and the exhibit hall for free *except*for this one-day charge for the main hall.

***App/Sched:***Sched is a great, powerful platform -- for their top-notch package, all registrants will be able to schedule themselves online, we'll get data on who's where, and a bunch more. We'll see how it works this year, but the EC feels it's worth the investment for this year to see.

***Conference bags:***We are looking for a partnering organization to contribute the bags by allowing them to have their logo be the outside of the bags. Help us find the partner to do that!

***Program printing:***Per Greg's hard work, this substantial item will be fully covered by Studies Weekly (in exchange for our highlighting their contribution). Outstanding!

***Keynoters:***We have some exciting possibilities, and we may not even have to pay for one (of the two we'll have -- one on Friday, one on Saturday). Sunday's "candidates forum" is slated to "pay for itself" -- so, if we get someone like Kamala Harris to introduce things, this shouldn't affect the budget.

***Catering:***The conference center is EXPENSIVE for food, but the calculations show we shouldn't really get that close to going over the budget UNLESS, say, one of our sponsors wants to link in and order food -- which would be fine, since that would insure we reach the max without leaving "uneaten" food while that overage would be reimbursed to us by the sponsor. Ask questions if you don't get this one, it's easily our biggest conference expenditure!!

**OVERALL ORGANIZATIONAL REVENUES**

And this the FINAL category -- yeah! Big picture: conference, conference, conference ($6 out of every $7 we take in)!! It needs to be a success, and we need to work hard to make it so. The only other substantial category of income is dues (about 1/8 of total revenues). In the future, we should look into fundraising, but for now this is IT.

***Category 201 (dues):***With a successful conference, our membership numbers and dues revenues should rise above what they are right now. This is a conservative estimate. It'll be up to the new leadership group to determine how to go about advancing membership numbers (and how it fits into our priorities), but as far as the budget goes, the EC is confident we're on firm ground here.

***Category 517 (conference):***See above.

***Category 552 (Amazon "Smile"):***In a sense, we're already doing "fundraising" this way. Of course, at $20 for the year, we're not doing much. Without budgeting for any more than that (which would be highly risky), we might be able to increase our revenues substantially by becoming an Amazon "partner" (which involves advertising them more prominently on the website) and really encouraging members (including ourselves, of course!) and friends to buy their Amazon stuff "through" CCSS. A much smaller organization I'm with (music group) gets a good $4K in revenue this way. If anyone would like to help on this, it could make a big difference.