

## **Proposed Changes in Policies Dealing With Late-Renewing Members April, 2009**

### **Purpose**

This report provides a general update on the status of 2009 NRHS membership renewals and proposes some changes to current policies to better deal with our current situation.

### **Current Situation**

Late renewals cost the NRHS money. They also divert resources and attention from more important work. This has always been true to some degree, but these delays have become even more expensive because of increased reliance on paid services. In addition, we have not been in the situation of having the Bulletin back on schedule for several years. Now that it is, our current policies regarding late renewals and publications are driving up our costs even further.

Although there were a few isolated problems, all of which have now been addressed, the 2009 dues bills were distributed on time in October with more thorough review and more accurate content than we have experienced in past years.

Most NRHS members renew their dues promptly, either directly to the NRHS (At-Large) or to their home chapters. Most NRHS chapters remit dues to the national office in a timely and accurate manner. A minority of members and chapters continue to renew and remit dues with unacceptable delay.

In 2008, over 1500 primary member renewals were processed between March 31 and the end of September. This was the result of three separate problems:

- Every year, some members delay renewing their memberships until well after the Bylaws-mandated grace period expires on March 31.
- A minority of chapters fail to remit any payments or renewal information until after the end of the grace period, a full five months after the dues bills were mailed out. Most of these late-remitting chapters are "the usual suspects" who are late year after year.

As a further complication, some chapters did not report many of their new members until just before the preparation of the 2009 dues bills.

For more information on renewal patterns for the previous year, refer to the spreadsheet "**NRHS Monthly Membership Processing Data – Renewal & New**" attached to this report.

### **Renewal Status on 3/31/09**

As of March 31, 2009 (the end of the grace period), NRHS membership was renewed to 82% of previous-year levels. While the number of current-year memberships processed was ahead of the same date in 2008, the size of that lead had declined considerably from where we were in January and February.

As of March 31, 17 chapters (10% of the total) went on Inactive status because of lack of current-year membership. Seven of those chapters were actively working with the NRHS on administrative issues and we expect that many of them will be reactivated in April.

In addition, 35 chapters (20% of the total) had reported renewals of less than 80% of the previous-year membership, although they had processed enough renewals to maintain Active status. Historically, very few chapters have experienced a membership drop of over 20% in a single year, so a significant portion of this appears to be slow processing of renewals.

On the other hand, 25 chapters (15% of the total) had processed renewals and new memberships equal to 100% or more of their previous-year memberships, well ahead of the same point last year.

The April 2009 *NRHS News* and the Winter 2009 *NRHS Bulletin* were mailed to all 2008 members regardless of whether their 2009 renewals had been processed. This was done because the mailing lists were created while the grace period was still in effect. This continues past policies from previous periods when NRHS publications were issued as scheduled.

### Current Bylaws and Policies

The current NRHS Bylaws establish the following requirements regarding membership renewals:

- All memberships expire on December 31 of each year. There is a 90-day grace period for late payment of dues, after which a member is automatically suspended until his or her full year dues have been received. (Article X, Section 1)
- Dues and donations collected by chapters are Funds Held in Trust. All such funds shall be forwarded to the national organization within 60 days unless a chapter has received prior approval to hold funds longer (Article IX Section 12)
- Whenever a chapter's membership falls below five members (four of them primary members in that chapter) the chapter **shall** be placed on inactive status and the remaining members converted to At-Large membership.
- When an inactive chapter's membership climbs to six or more members (five of them primary in that chapter), the chapter's active status **may** be restored

In addition, the Society has adopted policies through either Board actions or past administrative decisions. These policies are not Bylaws requirements:

- New members are sent all *Bulletins* for the entire membership year in which they join, including the *Yearbook*. This policy was adopted several years ago when the Society eliminated the half-year dues for new members who joined between June and September.
- While the primary intent of the above change was to provide new members a benefit for paying the full year dues, the same policy has been assumed for members who renewed later in the year. The full potential cost of this policy was not apparent because the *Bulletin* was behind schedule for most of that period. In addition, the NRHS administrative cost structure has changed significantly in recent years. With the current cost structure and the *Bulletin* back on schedule, this will not only be a significant cost to the Society, but also a disincentive for people to renew promptly.
- No similar policy was adopted for the *NRHS News*, which continues to be cut off for non-renewed members after March 31 until they are renewed. Except for the most recent issue included in the welcome packet, back issues of the *NRHS News* are not provided for new members who join mid-year.

### Reasons for Additional Costs

The cost of late renewals starts to increase during the winter and climbs steadily the longer things drag out. Under current policies, this cost could climb to \$15 or more per primary member. The cost is composed of several factors explained below. For a tabular representation of these costs, please refer to the spreadsheet "**Potential Financial Impact of Late Dues Renewals**" attached to this report.

**Final notices** are the first additional cost, starting in January for At-Large members, followed by chapter members the following month. Recently, in an effort to hold down costs, we held off until even later sending final notices to members of chapters with very low renewal rates because we assumed that these

delays were caused by actions of the chapters rather than the members. Sending final notices to people who have already paid, possibly months earlier, not only runs up printing and postage costs, it also needlessly irritates members who acted in good faith and consumes staff hours dealing with irate phone calls and letters.

**Staff hours** are the next additional cost to impact the process, starting in February. The NRHS contracts with Fernley & Fernley are based on a budget of hours expended and a staffing plan. The plan assumes that the renewal effort will be largely over after March, six months after dues bills are distributed, and membership records efforts will be limited to address changes and a steady influx of new members. Processing hundreds of lagging renewals throughout the spring and summer drives up our hours. In addition, the lagging chapters tend to consume a lot more effort per member than those that remit promptly. The NRHS avoided significant costs in 2008 because the first full year of the contract was firm price. If we overrun the contracted hours by the same amount in 2009, our annual costs will increase by over \$10,000.

**Bulletin printing, postage & storage costs** for late-renewing members climb steeply as the year goes on. When the *Bulletin* is on schedule, the mailing list for the first *Bulletin* of the year includes all members from the previous year, since distribution lists are produced during the 90-day grace period. After that, providing magazines for late-renewing members becomes quite expensive. Since lower quantity reprints cost considerably more per piece than the initial press run, the tendency is to over-estimate the printing quantity to protect for late renewals. In addition to printing costs, these publications incur additional storage costs. After the mailing list is generated for each *Bulletin*, copies for late-renewing members must be sent by regular mail rather than bulk rate, so the distribution cost rises steeply.

**Yearbook printing, postage & storage costs** for late-renewing members are also expensive for renewals processed after the distribution list is produced in late summer, and the printing, postage and storage costs per issue are two-to-three times the cost of a *Bulletin*. In 2008, the NRHS received several hundred primary member renewals in July, August and September as chapters cleared out their backlogs of late renewals and unremitted funds. Repeating this pattern in 2009 with the *Yearbook* back on schedule will be costly.

Finally, **special runs of membership cards and dues bills** are required for the lingering renewals that come in after the renewal bill rosters are finalized at the beginning of September, since the members not renewed for the current year are usually omitted from the next year's main mailing.

### Proposed Changes

In order to prevent costs from climbing steeply in 2009 and subsequent years, NRHS management proposes several changes to renewal policies. All of these changes can be accomplished within the current NRHS Bylaws.

First, the NRHS will implement more rigorous enforcement of the current Bylaws regarding minimum chapter size and timely remittance of Funds Held in Trust. Specifically:

- After the grace period expires, non-renewed members of Inactive chapters will be converted to At-Large membership and re-billed as At-Large members. Such members will be sent a letter explaining the reason for this action and a member's options for maintaining NRHS membership.
- If on March 31 we are actively working with chapter to resolve a specific problem, NRHS will give an additional 30 day grace period to resolve the problem before taking administrative action.
- NRHS will no longer automatically reactivate an Inactive chapter when it sends in enough late renewals or memberships to regain active status. If NRHS management believes the problems have been dealt with and will not repeat, reactivation may be granted administratively. If conditions warrant, however, NRHS management may instead go to the Board of Directors with a recommendation that the chapter not be reactivated unless or until the problems are resolved.

Second, NRHS will change the current *Bulletin* and *Yearbook* policies:

- New members will receive *Bulletin* back issues subject to availability. NRHS management will make good faith effort to produce enough *Bulletins* for anticipated new members and back issue sales, but will not reprint issues if supplies are exhausted.
- Members who do not renew by the end of the grace period will not receive any *Bulletins* distributed before their renewal is processed. NRHS management may make an exception to this policy at its discretion if warranted by a particular situation and if sufficient *Bulletin* copies are available.
- *Yearbooks* will be produced only for members who are paid-up when the address list is run in mid-summer. NRHS will not produce or distribute *Yearbooks* to new members who join or current members who renew later in that calendar year.

Finally, NRHS should allow only one free transfer between Chapter and At-Large status per member per year. NRHS management recommends that the Board of Directors implement a \$15 service charge for primary members and \$5 for family members for each additional transfer in a calendar year, with the provision that management may waive this fee for individual cases if the situation warrants.

This fee would partly offset the administrative burden of shifting people around when a chapter goes inactive or defunct. This is still a manual process that consumes contract hours.

Although some of these steps could be implemented by simple administrative action, NRHS management asks that the Board of Directors endorse all of the changes to provide a clear set of standards.

### **Implications of Proposed Changes**

Under the proposed new policies, NRHS management will retain the option to make individual exceptions when justified by particular situations. There are occasional cases where an individual renewal is impacted by factors totally beyond a member's control. In most cases, however, late renewals are the result of some combination of inaction or errors by the individual member or the chapter in which the member chooses to maintain membership and participate in the election of chapter directors or officers.

Members who are not renewed for six months after dues bills are sent out and 90 days after their memberships expire will pay a steeper price than they do currently. This may cost us some marginal members. Retaining the current policies, however, will drive up the cost of membership for the majority of members who do renew in a timely manner.

The NRHS may also lose some of its marginal chapters under the new policies. This is not necessarily a bad thing. Many slow-renewing chapters follow the same pattern year after year and their officers and members apparently lack the will or the interest to fix the problem. These chapters increase the costs of operations for all members, not just their own. Ideally, we would prefer that all chapters renew promptly and make efficient use of Society resources. But if their officers and members refuse to fix the problems, they cannot continue to place an unnecessary burden on the rest of the organization.

**NRHS Monthly Membership Processing Data - Renewal & New**

Report Date	Primary		Total	Processed	New	Renewals	Total
	Total	Family Total	Processed This Year	Processed This Month	Members Processed	Processed	vs. Previous Year
1/22/2008	5408	1260	6668	no data	206	no data	
2/28/2008	8117	1892	10009	3341	75	3266	
<b>3/31/2008</b>	<b>9906</b>	<b>2330</b>	<b>12236</b>	<b>2227</b>	<b>94</b>	<b>2133</b>	
4/30/2008	10818	2568	13386	1150	94	1056	
5/31/2008	11304	2698	14002	616	44	572	
6/30/2008	11571	2783	14354	352	39	313	
7/31/2008	11967	2852	14819	465	62	403	
8/30/2008	11967	2852	14819	0	0	0	
9/30/2008	12483	2935	15418	599	228	371	
<b>Total 4/01 to 9/30</b>				<b>3182</b>	<b>467</b>	<b>2715</b>	
10/31/2008	1056	152	1208	1208	43	1165	
11/30/2008	3615	868	4483	3275	82	3193	
12/31/2008	5839	1248	7087	2604	39	2565	
1/31/2009	8181	1644	9825	2738	90	2648	3157
2/28/2009	9348	2296	11644	1819	76	1743	1635
<b>3/31/2009</b>	<b>10184</b>	<b>2477</b>	<b>12661</b>	<b>1017</b>	<b>52</b>	<b>965</b>	<b>425</b>

Notes:

Processing and reporting was suspended for most of August 2008 to prepare for 2009 bills.  
 August renewals and new members were included in September 2009 processing numbers.



Potential Financial Impact of Late Dues Renewals

Item	Note	January	February	March	April	May	June	July	August	September	October	November	December
Final Notice	A	\$	1.00 \$	1.00 \$	1.00 \$	1.00 \$	1.00 \$	1.00 \$	1.00 \$	1.00 \$	1.00 \$	1.00 \$	1.00 \$
Bulletin Postage	B				\$	1.40 \$	1.40 \$	1.40 \$	1.40 \$	2.50 \$	2.50 \$	2.50 \$	3.90 \$
Bulletin Printing	C			\$	0.30 \$	0.30 \$	0.60 \$	0.60 \$	0.60 \$	0.90 \$	0.90 \$	0.90 \$	1.20 \$
Bulletin Storage	D			\$	0.05 \$	0.10 \$	0.25 \$	0.35 \$	0.45 \$	0.60 \$	0.75 \$	0.90 \$	1.20 \$
F&F Excess Hours	E	\$	1.00 \$	2.00 \$	3.00 \$	4.00 \$	4.50 \$	5.00 \$	5.50 \$	6.00 \$	6.00 \$	6.00 \$	6.00 \$
Yearbook Postage	F								\$	2.00 \$	2.00 \$	2.00 \$	2.00 \$
Yearbook Printing	G								\$	1.00 \$	1.00 \$	1.00 \$	1.00 \$
Yearbook Storage	H								\$	0.10 \$	0.20 \$	0.30 \$	0.50 \$
Replacement Card	I								\$	1.00 \$	1.00 \$	1.00 \$	1.00 \$
Cumulative Impact		\$	- \$	2.00 \$	3.35 \$	4.40 \$	5.45 \$	7.75 \$	8.35 \$	13.05 \$	15.20 \$	15.45 \$	17.80 \$

Notes:

General: All costs above are differential costs per primary member above the cost of a renewal processed by January.

A. Assume final notices printed based on February renewal data.

B. Address lists run in March, June, September, December. After that, copies by first class mail vs. bulk.

C. Printing on speculation will result in excess printing to avoid much higher reprint costs.

D. Speculative - No real data because we haven't been in this situation before. Assume \$0.05/issue/month.

E. Contract hours assume renewals are just about over by April 1. Additional hours cost \$60/hour. Late renewing chapters require more effort.

F. Assume Yearbook print quantities and mailing list established in August.

G. Printing on speculation will result in excess printing to avoid much higher reprint costs.

H. Speculative - No real data because we haven't been in this situation before. Assume \$0.10/issue/month.

I. Members renewing after August need special printing of dues bills and cards.

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