

**TO: APA California Board of Directors**

**FROM: Pete Parkinson, AICP, Chapter President**

 **Hing Wong, AICP, Past-Presiden**t

**DATE: January 27, 2017**

**SUBJECT: Percentage-based Chapter Dues**

***Recommended Action: Consider adopting a revised Chapter dues structure based on a percentage of each member’s APA dues***

As we know, APA dues are based on each member’s annual income. APA members also pay Chapter dues, which are currently set at a flat rate of $105 per year for all California members regardless of a member’s annual income. The Chapter dues paid by APA members are the basis for the dues subventions that account for about two-thirds of the Chapter’s annual income. Chapter-only members pay a flat fee of $115 per year, paid directly to the Chapter rather than through APA.

The APA Chapter Presidents Council is encouraging all Chapters to switch to a percentage-based dues structure (i.e., where Chapter dues would be a percentage of the member’s APA dues). This has not been adopted as a “mandate” by the APA Board of Directors, but is worthy of our consideration.

There are two main reasons for considering this approach. First, like the income-based APA dues structure, percentage-based Chapter dues would be more equitable because members with lower annual income would pay lower Chapter dues. In fact, as discussed below, many members would see their Chapter dues go down under this arrangement. Second, Chapter dues would be tied to APA dues, so when APA dues go up (either a dues increase approved by APA or the member moves into a higher income category), the Chapter dues (and Chapter revenue) go up too. Among other things, this would avoid the necessity of the Chapter Board needing to regularly revisit the issue of where to set Chapter dues.

There are also a couple of potential downsides in switching to a percentage-based Chapter dues. If we set the percentage too low, it will reduce the Chapter’s dues subventions, our main source of operating revenue. On the other hand, a higher percentage will increase a larger portion of our members’ dues, which could result in a loss of some members who decide not to renew their memberships.

We have analyzed various percentage scenarios based on membership data provided by APA. This data was divided by Section and shows the number of members in each income category as of mid-June 2016. These membership numbers were used to estimate Chapter revenue under various scenarios, including our current flat rate and several percentage scenarios. The attached spreadsheet summarizes these analyses at the Chapter level. We also have more detailed spreadsheets that show more options and include a section-level breakdown, if anyone would like to see that.

It should be noted that the revenue estimate in the “Current Chapter Dues” column ($336,066) does not match the dues subventions received by the Chapter in 2016 ($315,784). This is likely because the estimate is based on the membership roster at a certain point in time, while the actual subvention revenue is based on whether and when members actually pay their dues to APA. Nonetheless, the estimate provides a consistent basis for comparing the effect of various alternatives.

If we want to maintain Chapter revenue at approximately current levels, we would set Chapter dues at 36% of APA dues. Based on the mid-2016 “snapshot” of California’s APA membership, this would result in a 0.83% reduction in Chapter dues revenue, or about $2,600 based on 2016 subventions received. Each percentage point change in Chapter dues equals about $9,600 in revenue. Thus, setting dues at 35% would reduce revenue by about 3.7% and setting Chapter dues at 37% would increase revenue by about 1.9%.

At 36%, just over half of our members (about 55%) would see virtually no change or a reduction in their annual dues. However, about 45% of members would see a dues increase, roughly as follows:

* 11% of members (those in the $90K to $99,999 income category) would receive a $10/year increase, or about 1.7% to 2.3% (depending on whether the member is AICP)
* 15.5% of members ($100K to $119,999 income) would receive a $21/year increase, or about 3.3% to 4.6%
* 11.3% of members ($120K+ income) would receive a $31.80/year increase, or about 4.7% to 6.5%
* 7.3% of members (“undisclosed” income category) would receive a $33.60/year increase, or about 5% to 6.8%

Given the relatively small magnitude of these dues increases only for members in the top income categories, and given that dues will go down for members in the lower income categories, we believe that a percentage-based Chapter dues structure would be acceptable to the vast majority of our members. Moreover, this change will likely be viewed positively for prospective new members, many of whom are just getting started on their planning careers and will see lower dues as a result.

Alternatively, the Board may wish to set Chapter dues at 37%. This would provide a small increase in dues revenue to the Chapter (1.9% or around $6,000 based on our 2016 dues rebate) but would result in increased dues for a larger portion of our membership, although the magnitude of that increase remains relatively small. Most members would pay around $5 per year more with dues set at 37% compared to 36%. At 37%, about 43% of our members would still see a decrease in their Chapter dues.