



August 26, 2022

To: USMS House of Delegates

From: Peter Guadagni – President, Dawson Hughes - CEO

RE: Background on Board Recommendations: National Meetings and Membership Fees

During the Aug. 15 Board of Directors meeting, several important recommendations were finalized to present to the House of Delegates in September. The Finance Committee was consulted in the months leading up to these recommendations and [endorsed them during their meeting on Aug. 23.](#)

The purpose of this memo is to provide background information and context for recommendations on [2023 membership fees](#) and a [compromise approach to the annual meeting for the next several years.](#) The detail of these recommendations can be found in separate documents via the links provided above. Please peruse this background memo before reviewing the recommendations.

The Board of Directors carefully considered how to continue USMS's rebuilding efforts through the strategic plan. This evaluation included discussion on economic conditions (e.g., inflation), the USMS programs and services necessary to support our existing membership and attract new membership, how to better align local and national work of volunteers and staff, and our desire for fiscal responsibility.

The board also incorporated input from delegates on the format of the annual meeting and positive feedback from Relay attendees. In parallel, Dawson provided the board and Finance Committee with three-year projections and several options on how best to approach revenue and expense budgeting to return to break-even financials by 2024.

These recommendations are a balanced approach to USMS's financial, strategic, staffing, governance, and volunteer engagement needs to best serve our membership. It is important to note that these decisions are inter-related. The national volunteer meeting plan and fee recommendations are based on the strategic plan and are integrated into the 2023 business plan and three-year projections. Decisions on each of these recommendations must be considered holistically because changes in either will directly affect the entire plan. Furthermore, there are legislative proposals under consideration that will determine whether the House of Delegates or board will determine the format of the annual meeting moving forward. The board will enact this three-year annual meeting plan if granted that authority or will propose the same plan to the delegates for approval if it is determined the house should undertake that decision.

Although the recommendations being considered are related to the national budget, a significant and important portion of membership revenue is distributed to LMSCs (20%). In 2019 and 2020, USMS transitioned to the unified fee and planned for the national budget to absorb more costs for national volunteer meetings. The purpose of adjusting how revenue is distributed to the LMSCs was, and is, to allow LMSCs to use their resources for membership services and value locally.

Since 2020, LMSC reserve balances have increased nearly \$600,000, to \$2.8 million. This increase is due to the inability to provide programming during the pandemic and the absence of expenses for annual meeting travel. Holding a small amount in reserve for unexpected projects or challenges is prudent. Reserves can help weather unexpected financial challenges, particularly for ongoing, long-term, or contractual commitments like leases, payroll, and



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recurring expenses and services. The pandemic is a perfect example of an unexpected challenge for which the national budget requires reserve spending. It also provides a real-world example of why LMSCs don't require significant reserves. Many LMSCs have more than two years of annual expenses in reserve, when six months would be sufficient.

Enhancing the local member experience and expanding opportunities for adults to swim is a critical component of the strategic plan, and effective use of LMSC funds is a major part of that effort. Funds sitting in reserve won't provide value to USMS members. USMS needs LMSCs to invest prudently and strategically in our members. We will work with, encourage, support, and ask LMSCs to run initiatives that provide more opportunities for adults to swim for fitness and competition in their regions. Programs to promote productive local initiatives will be announced as part of the 2023 business plan.