



DATE: August 27, 2024
TO: USMS House of Delegates
FROM: Ed Coates – President, Dawson Hughes – CEO, Guy Davis – Finance
Committee Chair, Jill Gellatly - Treasurer
**SUBJECT: Background Information for Board Recommendations on Fees and LMSC
Revenue Distribution**

This memorandum includes background information for use in evaluating two separate Finance Committee endorsed board recommendations: 1) [2025-2027 Membership, Sanction, and College Club Swimming Bridge Membership Fees](#) and 2) [Unified Membership Fee Revenue Distribution](#). Please fully consider this background before diving into the details of the recommendations.

There were numerous assumptions used in these projections (e.g., membership growth, value of membership, inflation, labor costs, expense adjustments, resources needed, other revenues, potential new programs, etc.) and all were considered in the evaluation leading to the recommendations. Changes in fees and revenue distribution are not taken lightly and a great deal of analysis by the staff, board, and finance committee have gone into these recommendations.

It's important to remember that as a not-for-profit, USMS doesn't aim for profitability as a guiding metric. Our goal is to be mission-driven, with the most important metric being the number of adults that we can empower to swim. However, not-for-profit is primarily a tax distinction, not a business strategy, and USMS must still have a solid business strategy with breakeven bottom-line results to continue to pursue our mission effectively and provide for flexibility to explore new concepts or for unexpected circumstances.

The following philosophies guided the creation of these recommendations:

- ✓ Continue to execute the strategic plan and provide great membership value and services.
- ✓ Return to relative breakeven budgets including capital expenses moving forward.
- ✓ Plan for slow membership growth similar to 2023 and projections for 2024 (~2%).
- ✓ Membership fees increase at or lower than inflation.
- ✓ Stability in membership fee for 3 years (2025-2027).
- ✓ Ensure LMSC revenues allow for continued investment in strategic programs locally without increasing collective LMSC reserve levels at the current pace.
- ✓ Continue the format of the annual meeting alternating between hybrid and virtual.

The board and the Finance Committee discussed changes in fees independently from the revenue distribution between the national budget and LMSCs. Although the two are intertwined in the operation of USMS, fees charged to our members, clubs, and event directors should be based on the value provided and in consideration of all the other variables listed above. The determination of how USMS distributes its revenue to best serve the membership is a separate internal issue from what we charge for services through our member fees.

The 3-year projections that will be provided in these separate recommendations assume that all the considerations from both the fees and fee revenue distribution recommendations are adopted. Any adjustment to one of these recommendations will impact the plan beyond the specific line item in the budget. An open-minded and careful review of both recommendations and the preliminary 2025 business plans will be necessary to fully absorb the strategy behind them.

Thank you for taking the time to evaluate these recommendations. Should you have questions, concerns, or just want to discuss in greater detail please use the [annual meeting forum in the USMS Community](#), plan to attend the [Finance Committee Forum on September 10 at 8pm ET](#) or reach out to anyone who sent this memo (listed above). You may also [schedule a 25 minute meeting on CEO Dawson Hughes' calendar](#) to discuss these recommendations or any other topic.