

## **A Different Approach to Collecting a Program Fee**

### **Introduction**

Each day, we aspire and work toward the goal of being a GREAT Council. A Council with high-quality programs for Scouts of all ages in every community. A Council with excellent camping facilities that hire only the best for our summer camp staffs.

Every day, we work hard, looking for better ways to serve our units, volunteers, Scouts, and families. We want our training courses, activities, new member recruitment efforts, and customer service to exceed expectations. We want to attract and retain dedicated, compassionate, and energetic full-time staff members to work with our units and volunteers.

We know that being a Scout delivers experiences that create lifelong memories and prepares young people to make ethical and moral choices over their lifetimes by instilling in them the values of the Scout Oath and Law. And we want to include as many youths as possible in Scouting to experience our life-changing programs.

Like any other organization, the New Birth of Freedom Council needs sufficient and reliable resources to achieve these objectives. The traditional model that funded our local council in the past has changed significantly. Since 2010 (the year the New Birth of Freedom Council was formed), we have experienced steep declines in United Way funding, with only the United Way of York County still providing an allocation to our council (and we receive any funds donated to the United Way that are designated by the donor to go to the council).

We've also seen substantial declines over that same period in Friends of Scouting contributions, along with decreased revenues from the camp card and popcorn & nuts sale. We've worked hard to make up those lost dollars, and we are excited that community support through our various special fundraising events has increased substantially. Unfortunately, the growth in our community fundraising efforts has not been able to keep pace with these declines in United Way support and unit-level fundraising.

Over the last ten years, our council volunteer and professional leadership have also worked diligently to be good stewards of our resources. We have cut expenses in an attempt to do more with less. In fact, since 2016, we have eliminated or not filled 20% of our staff positions.

We have come to a point where we need to do something different to provide the financial resources we need to continue to lead as a genuinely GREAT council. The Boy Scouts of America recently modified its rules and regulations to allow local councils to charge their own program fee - an additional fee assessed to every registered member, as long as that fee didn't exceed the National registration fee (\$72 per Scout in 2022). Our council established an ad hoc committee to consider such a fee or propose an alternate solution. The committee was made up of volunteers from all districts and from all aspects of the Scouting program.

No one wants to see the cost of anything increase, and we know that making Scouting more expensive could become a barrier to recruiting and retaining youth and a burden for units. Ultimately, the ad hoc committee decided not to impose an across-the-board program fee on our members. The committee believed that an additional up-front fee for a prospective Scout or an additional yearly fee for an existing Scout placed unnecessary burden directly on the youth we seek to serve.

Instead, the committee developed a plan that allows units to support the council in proportion to the number of Scouts in the unit. Units can make their own decisions on how to fulfill their contribution, by participating in council-wide product sales (popcorn & nuts or camp cards), cooperating in presentations to solicit Friends of Scouting contributions, or doing any other approved fundraiser from which they could make a contribution to the council. Through this approach, the unit can work as a team to make a contribution to the council, and they will have a full year to execute on a plan to fulfill that contribution. The committee viewed this approach as far more workable and fairer than invoicing individual Scouts without an advance opportunity to earn the money.

Whether you call it a program fee or a defined fundraising participation level, we hope that not one person or unit ever has to write a check to pay that fee. This new approach, which the Council's Executive Board unanimously approved on July 7, allows units to earn credits toward this fee (and earn money for their treasury) by participating in either council-wide sale. If your unit wishes to conduct a Friends of Scouting presentation, 100% of those contributions will also count toward a unit's program fee.

A significant amount of work and thought went into developing this approach, and we'd like to thank the ad hoc committee members for their efforts and creativity. This report provides information considered by the ad hoc committee and details how this new process will work. Please take a few minutes to review all of these details carefully, and don't hesitate to reach out to your District Executive or District Director with any questions. Units can begin earning credits toward their 2022 program fee starting with this fall's popcorn and nuts sale.

Working together, we can be a GREAT council and guarantee Scouting's successful future for years to come in the New Birth of Freedom Council.

Yours in Scouting,

Matthew M. Haar  
Council President

Thomas A. Steckbeck  
Council Commissioner

Ronald M. Gardner, Jr.  
Scout Executive & CEO

## Background

The COVID-19 pandemic did not bring on the decision to explore a program fee. A multi-year decline in several of the Council's critical traditional revenue streams necessary to support Scouting locally was the primary driver. At the December 2020 Council-wide Roundtable, Council President Bill McQuade and Scout Executive Ron Gardner detailed the magnitude of this multi-year trend and challenges these lost revenues presented.

## Critical Changes in Traditional Funding for Our Council

### Declining United Way Support

Since 2011, support from local United Ways (allocations and donor designations) declined by more than \$240,000. Currently, only the United Way of York County, which has funded local BSA programs for 100 years, still allocates funds to the Council, and we appreciate their ongoing support.

The chart to the right does not reflect that the United Way of the Capital Region ended its allocation to the Council in 2020, continuing the downward trend.

We are grateful for the financial support that local United Ways provided to the Council for so many years in the past. But as local United Ways have moved to invest their limited funds in other programs and community initiatives, the pace and scale of lost United Way revenues have been a significant financial challenge for the Council.

### Declining Friends of Scouting Support

The Friends of Scouting annual giving campaign solicits contributions from Scouting parents and volunteer leaders, primarily through unit presentations. From 2011 to 2019, FOS contributions dropped by more than \$55,000.

In 2019, approximately \$30,000 in FOS contributions were given by council-level volunteers, including members of the Council's Executive Board.

### United Way Revenue

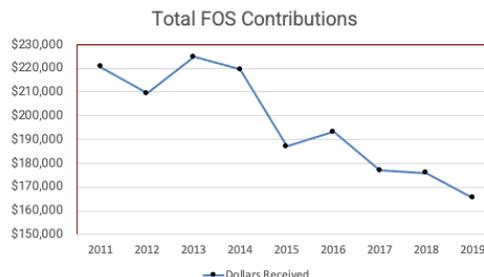
(Allocations and Donor Designations)

2011	2012	2013	2014	2015	2016	2017	2018	2019
\$456,861	\$449,209	\$412,657	\$323,480	\$357,965	\$329,177	\$299,630	\$258,131	\$216,824



### Friends of Scouting

2011	2012	2013	2014	2015	2016	2017	2018	2019
\$220,574	\$209,418	\$224,687	\$219,482	\$187,123	\$193,116	\$177,082	\$175,864	\$165,374



**Declining Product Sales Net Revenues**

The Council shares net income from the camp card and popcorn and nuts sales participating units. Net proceeds to the Council from these two product sales declined by nearly \$88,000 between 2011 and 2019.

The total number of units participating in either product sale has dropped from 211 in 2014 to 142 in 2019.

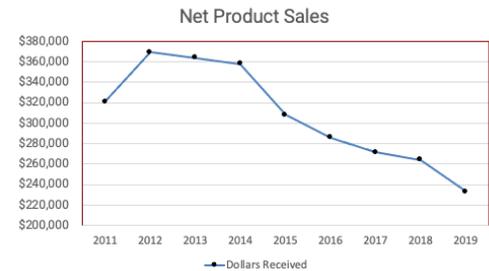
**These Revenue Declines Truly Add Up**

Looking at these three revenue streams (United Ways, Friends of Scouting, and Product Sales), the Council experienced a \$383,121 decline from 2011 to 2019.

**Product Sales**

(Camp Cards & Popcorn/Nuts)

2011	2012	2013	2014	2015	2016	2017	2018	2019
\$321,067	\$369,272	\$363,624	\$357,747	\$308,204	\$285,824	\$271,619	\$264,231	\$233,183



**Upping Our Community Fundraising Game**

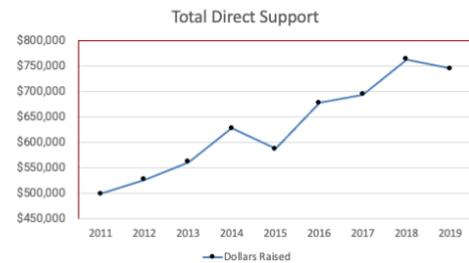
In response to these declining revenue streams, we knew we had to increase the results from our other fundraising efforts dramatically.

Total direct support includes FOS, project sales, net special events, foundations, and trusts, and other direct support grew by \$245,985 from 2011 to 2019.

**Total Direct Support**

(FOS, project sales, net special events, foundations & trusts, other direct)

2011	2012	2013	2014	2015	2016	2017	2018	2019
\$498,910	\$527,255	\$561,968	\$627,566	\$602,152	\$587,593	\$677,633	\$762,927	\$744,895



**Camping Revenues Are Unpredictable and Widely Variable**

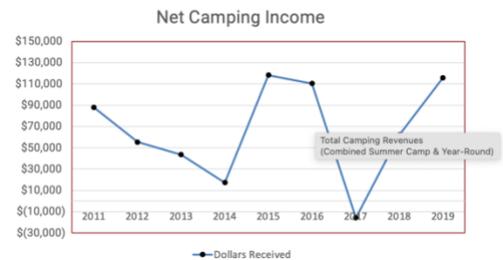
Camping revenues, especially from summer camp operations, can vary widely from year to year. Many Scouts BSA troops typically rotate their summer camp destinations and do not attend exclusively attend their local council's summer camp(s.)

The chart on the right includes only direct costs charged to our camping budgets – a method we have used since 2010 since it's challenging to evaluate financial performance from year to year when the accounting approach changes. We don't include indirect expenses in the camp financial statements. An excellent example of an indirect expense not charged to camp budgets is accounting costs. Our two accounting staff\_members

**Total Camping Revenues**

(Combined Summer Camp & Year-Round)

2011	2012	2013	2014	2015	2016	2017	2018	2019
87,957	55,459	43,619	17,350	118,337	110,049	(15,750)	62,103	115,796



spend a lot of their time handling camping business and payroll for summer camp staff, but the camping budget isn't charged anything for their time.

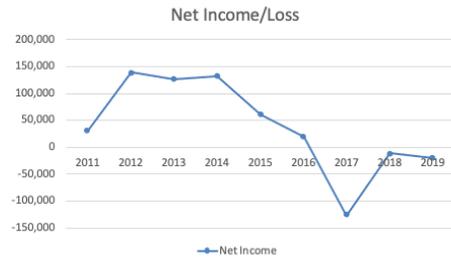
**Diminished Revenues Lead to Operating Losses**

In each of the first four full years after the merger forming the New Birth of Freedom Council, we conducted day-to-day operations with a surplus, erasing a \$273,850 accumulated operating deficit inherited in the merger and creating a modest "rainy day" reserve.

Those operating surpluses declined from 2014 to 2016, and we posted operating losses from 2017 to 2019.

Change in Operating Fund Unrestricted Net Assets

2011	2012	2013	2014	2015	2016	2017	2018	2019
31,140	138,756	125,814	132,014	60,659	19,773	-126,255	-11,334	-19,567



**Staffing Expenses**

**Personnel Costs**

Our council spends just 3% more on full-time staff today than we did in 2011. In trying to be as thrifty as possible with our available funds, we have reduced the size of the council staff over several years.

The chart to the right includes the salary for a STEM/Exploring Executive. Special donations from businesses underwrite that position through Pennsylvania's Earned Income Tax Credit (EITC) program. While the Council can use 20% of EITC dollars toward overhead costs, the Council cannot repurpose the remaining EITC funds for other Scouting activities.

**Personnel Costs**  
(Salaries for Professional and Support Staff)

2011	2012	2013	2014	2015	2016	2017	2018	2019
999,522	988,242	979,989	948,362	1,031,705	1,089,299	1,067,385	1,059,254	1,030,419



If you remove this STEM/Exploring position from any budget comparison, we are spending less on staff today than in 2011.

**A Scout is Thrifty**

We do take seriously the responsibility of spending wisely. We strive to do our best with every dollar spent. But whenever significant cost reductions have been necessary over the past few years, the only way to achieve that level of savings was to reduce staff or not fill vacancies. That reduces our capacity to fulfill our mission to deliver high-quality Scouting programs to as many young people as possible and provide excellent customer service to our units.

## *National Council Allows Local Councils to Charge Program Fees*

In 2020, the National Council of the Boy Scouts of America changed its official "Rules and Regulations." The change stated:

- "A local council may charge an annual registration or program fee to youth members, adult program participants, and Scouters whose primary registration is with the council in an amount not to exceed the amount of the applicable individual registration fee for their position established by the Executive Committee."
- This rule change grants councils the discretion to decide whether or not to charge a fee, the amount of the fee, whether that fee is charged only at recharter time or on a pro-rated basis throughout the year or whenever a new youth or adult registration is submitted. Local councils can use these fees to support their day-to-day operations. Some local councils implemented program fees in 2020.
- In light of these ongoing financial challenges and the updated National Policy, the Council Executive Board approved the establishment of an ad hoc committee to review the data presented above and recommend a course of action to the Executive Board by May 2021.

### **The Study to Consider a Local Council Program Fee Ad Hoc Committee**

The Ad Hoc Committee comprised 21 members - three representatives from each district, three Executive Board members, a chair, a vice-chair, and a staff advisor.

<b>Executive Board</b>	<b>Battlefield</b>	<b>Conococheague</b>	<b>Heritage Trails</b>	<b>Keystone Capital</b>	<b>Pioneer</b>
Scot Chadwick	Bob Smith	Teresa Brush	Jim Jones	Doug Baker	Bob Badders
Art Williams	Bev Taylor	Rich Saunders	Kevin Mather	Mike Glass	Matt Culbertson
David Wywas	Ed Tharp	Chip Stoehr	Jim Mooney	Michael Sargent	Ben Rupp

**Chair** – Randy Cline, **Vice-Chair** – Shawn Leppo, **Staff Advisor** – Chris Styers

The committee met monthly from January to May 2021 charged to:

- Understand the current financial challenges to local Scouting
- Evaluate the recent contributions of unit-generated fundraising and its correlation to maintaining a healthy, great council
- Consider the fairness of the current system for unit-generated fundraising (product sales/Friends of Scouting) and how some units disproportionately carry the responsibility for supporting the local council
- Evaluate the establishment of a council program fee
- If the Ad Hoc Committee recommended a program fee, propose adjustments to unit-generated fundraising (i.e., the elimination of the traditional FOS campaign or product sales)

## Findings of the Ad Hoc Committee

Due to COVID-19's extraordinary impact on the Council's financial picture in 2020, the committee based its study on data through 2019. In researching the current economic challenges, the Ad Hoc Committee learned:

1. 12% of our units did not participate in the Friends of Scouting campaign or product sales.
2. Through popcorn and nuts, camp card sales, and Friends of Scouting, the top 12% of units raised 40% of the revenue.
3. 20% of units did not contribute to Friends of Scouting. The top 20% of units contributed over 50% of our total FOS dollars raised.
4. While 88% of units participated somehow in FOS or product sales, unit participation was widely variable. For example:
  - 12% of units contributed \$0 per Scout.
  - 9% of units contributed \$0.01 to \$10 per Scout.
  - 18% of units contributed \$10.01 to \$30 per Scout.
  - 14% of units contributed \$30.01 to \$50 per Scout.
  - 8% of units contributed \$50.01 to \$66 per Scout.
  - 8% of units contributed \$66.01 to \$100 per Scout.
  - 30% of units contributed \$100.01 to \$421 per Scout.
5. The success of a local council and its units are intertwined. We are in this together. A successful council can help units be successful and successful units can help our council thrive.

The Ad Hoc Committee did not recommend establishing a standard across-the-board program fee as many other councils have done. Instead, the committee focused on defining a participation level for a program fee with the goal of:

- Creating equity between unit contributions,
- Arresting the decline and unpredictable nature of unit-level fundraising,
- Giving units multiple options to meet their obligations,
- Creating a policy that is consistent with the new language in the chartered organization agreement,
- Not adversely impacting the profit units currently make on council-sponsored fundraising efforts,
- Allowing units to preplan budgets to meet financial obligations.

## Our Approach to Establishing a Program Fee

As stated, current unit support for the Council's programs and services is uneven and unpredictable. Establishing a standardized participation level does create some predictability and assures that every unit contributes equitably and at a defined level toward maintaining programs and services provided by the Council.

Each unit funds its budget in different ways, through collecting dues or any number of other fundraisers. We know that units differ in which fundraisers they find to be most successful. Our approach allows units

to earn credits through council-sponsored fundraisers, fundraise through approved methods they find to be the most successful, or do both.

This program fee is not designed as or encouraged to be a direct out-of-pocket expense to the youth's parents. While having to make some post-pandemic assumptions, based on 2019 youth membership and levels of participation in FOS and council-wide fundraisers, over 30% of units would owe nothing "out of pocket" toward a program fee using the approach designed by the Ad Hoc Committee. This program's goal is that every unit has the opportunity to meet 100% of their obligation without having to charge Scouting families anything additional.

### **Action on Recommendation**

At the July 7, 2021, meeting of the New Birth of Freedom Council Executive Board, members discussed and voted on the recommendation made by the Ad Hoc Committee (presented initially in May 2021). The Board unanimously approved the defined level of participation program fee.

### **How A Unit's Participation Level is Determined**

#### **How Will it Work?**

The Council will assess units with an annual program fee of \$60 per youth member starting in 2022 (no program fee for adult leaders). The Council will calculate the total program fee amount based on the total number of registered youth members after the unit completes its 2022 charter renewal (membership effective January 1, 2022).

Units earn credits toward their program fee by participating in council-level fundraising efforts (popcorn and nuts, camp cards, and Friends of Scouting). If a unit doesn't earn enough credits to fully satisfy the program fee amount due (or if a unit elects to make direct payments), final balances will be due by October 31, 2022.

In designing this approach, the hope was that units would not pass on or assess the fee directly to their families but earn credits through participation in council-wide product sales or Friends of Scouting campaign. Ultimately, each unit has the discretion to determine its path in providing the program fee to the Council.

#### *Example:*

- A unit with 30 registered youth members on January 1, 2022, would be assessed a program fee of \$1,800 (30 Scouts x \$60). You can refer to this chart (<https://tinyurl.com/drummnb4>) to determine your unit's participation level fee based on your unit's anticipated membership.
- A unit participates in the Popcorn and Nut Sale and sells \$3,600 worth of popcorn and nuts (an average of \$120 of product sold per Scout; about 8 to 12 items). The unit's commission rate is 34%. The unit earns \$1,224 for the unit treasury. The unit pays the Council \$2,376 for the sale (\$3,600 - \$1,224). After it pays the popcorn and nut vendor, the Council receives a profit of

\$1,188. The unit's credit for the sale towards their program fee is \$1,188, reducing the balance due on their program fee to \$612.

- The unit can pay this out of their treasury using proceeds from the popcorn and nuts sale or, ideally, by participating in Camp Cards or Friends of Scouting campaign resulting in no additional costs.

## Credits

### How are credits calculated?

There are three ways that units can earn credits towards their unit's program fee:

1. Popcorn and Nuts Sale
2. Camp Cards Sale
3. Friends of Scouting Sale

As stated, the goal of the defined participation level is to make sure that each unit is contributing an equitable share to assist in supporting local council operations. Units are not required to participate in all these sales elements and ultimately may participate in all three options or none. Regardless of choice, the unit is still required to pay the program fee amount when due.

Each sale has a different cost structure, which means the credit amount that units receive towards their program fee is calculated differently for each sale.

*For Popcorn and Nuts:* Units can earn between 30% and 48% commission on the sale depending on their sales volume. The benefit is calculated as Total Sale dollars - unit commission - 33% of Total Sale Dollars (product costs) = Popcorn and Nuts Credit. Example: A unit with \$3,000 in sales and a 44% commission would calculate their credit as  $\$3,000 - \$1,320 - \$990 = \$690$  in credit towards the program fee.

*For Camp Card Sale:* Units can earn between 50% and 60% commission on the sale depending on whether they attend a New Birth of Freedom Council summer camp. Since there are only two commission levels, the credit is 30% of the total Camp Card sale for 50% commission or 20% of the total Camp Card sale for 60% commission. A unit with a \$1,000 Camp Card Sale and a 50% commission level would earn \$500 for their unit treasury and \$300 in credit towards the participation level.

*For Friends of Scouting:* Units will still have the option to hold a traditional Friends of Scouting presentation. Units will need to request a presentation date with the District Executive or District Director. Any dollars raised during a Friends of Scouting presentation will count 100% towards the unit's credit. For example, a unit with a \$500 Friends of Scouting presentation will earn a \$500 credit towards their program fee.

## Frequently Asked Questions

### How Is This Different from an Across-the-Board Program Fee?

After careful review, the Ad Hoc Committee determined that a flat, across-the-board program fee was not the best approach for our Council. If a Council adopts an across-the-board program fee assessed to each youth member, everyone will pay the same fee whether your unit sells \$30,000 worth of popcorn or none.

The goal was to establish equitable participation levels to allow units to "earn" their entire program fee through credits received in council-wide fundraisers (while also earning money for their unit treasury) or Friends of Scouting contributions. This approach means some units will owe nothing "out of pocket" while other units may owe \$60 per registered Scout.

It is a flat, across-the-board program fee for units that choose not to participate in these fundraisers or Friends of Scouting.

### How Is a Council Program Fee Different from the BSA's Annual Membership Fee?

These are two different fees. The \$72 annually charged for membership in Scouting pays for membership within the Boy Scouts of America. While that fee is collected locally when a new Scout registers or at recharter time, 100% of that fee goes to the National Council to support their operating budget. 100% of the Council Program Fees stays in the New Birth of Freedom Council to support local Scouting.

### Why was \$60 per youth chosen as the factor for the Defined Participation Fee? Will that fee ever change?

\$60 per Scout represents the level of participation necessary to offset current (based on 2019 membership and fundraising results) unit-generated fundraising (popcorn and nuts, camp cards, and Friends of Scouting). This approach helps to achieve budget stability in support of local Scouting. National Council guidelines permit local councils to charge up to an amount equal to the National Registration Fee (currently \$72). The Council Executive Board can adjust this fee as needed in the future.

### What is the change in the Annual Charter Agreement?

You can find the BSA's most current Annual Charter Agreement at <https://tinyurl.com/7u4pxym2>. Bullet 7 under "The Charter Organization agrees to:" now states:

*The Charter Organization agrees to actively participate in the local council's annual giving campaign and product sales to ensure quality Scouting throughout the community. (ex. Friends of Scouting campaign, popcorn, camp cards, etc.)*

**Why are credits calculated differently?**

The costs for each of these fundraising campaigns are drastically different. Fundraising costs include prize programs, products, and other sale materials.

**If my amount due is in October, how do I get credit for the popcorn and nuts sale?**

Credits are calculated based on the prior year's popcorn and nuts sale, the current year's Camp Card Sale, and the current year's Friends of Scouting campaign. For example, for October 2022, credits will be from the 2021 Popcorn and Nuts Sale, the 2022 Camp Card Sale, and 2022 Friends of Scouting contributions collected by October 1, 2022. The 2022 Popcorn and Nuts Sale will count towards the 2023 program fee.

**What if my credits exceed my defined participation level?**

Credits that exceed the defined participation level cannot be carried into future years or applied elsewhere. Those additional credits act as they do currently as additional income to the Council, while the unit earns additional income through commission.

**What about youth members registered in more than one unit (i.e., a Scout in a Troop and a Crew)?**

The fee is assessed to the unit where the Scout has their primary registration. It is paid once per registered youth.

**What if the size of my unit shrinks from January to October? What if my unit grows from January to October?**

The participation level fee is based on the size of your unit on January 1. If your unit shrinks, your unit is still responsible for the established participation level fee. If your unit grows, your fee will not increase.

**What about Scouts that age out or transfer during the year?**

The participation level fee is based on the size of your unit on January 1. If Scouts age out or transfer in or out of your unit, your fee will not change.

**When will I receive my defined participation level?**

You can use this calculator ( <https://tinyurl.com/drummnb4>) to determine your fee roughly. Similarly, the calculator estimates how much your unit will need to raise in unit-generated fundraisers to achieve a \$0 fee. You will receive your official number once your unit's recharter is complete. You will receive an update by June 30 detailing credits earned towards your program fee. This information allows your unit to plan how to cover any shortfall as part of your annual unit planning.

**Is this a result of COVID-19?**

As we make great strides towards emerging from the COVID-19 pandemic, it is understandable that one can assume that this is a result of the COVID-19 pandemic. Though we cannot wholly predict where Scouting will emerge once "normal" returns, historical trends provided the foundation for the discussion and recommendation. The consideration of a program fee did not come to the surface only because of the pandemic. Still, as we've all seen, the economic damage being caused by COVID is far-reaching and difficult to predict with any certainty.

**Is this a result of the BSA's Bankruptcy?**

Implementing a Council Program Fee is not a direct result of the BSA Bankruptcy. The BSA's bankruptcy will undoubtedly have an impact on our Council's operations once it is resolved. None of the dollars raised through product sales, Friends of Scouting, or the defined participation level fee will go to the National Council or the planned Victims' Compensation Fund.

**Does this mean that Friends of Scouting is going away?**

Over the years, several units have expressed their opinion that FOS presentations disrupt unit meetings and events, and they would welcome the opportunity to eliminate these presentations. But during the Ad Hoc Committee's work, we heard from some unit leaders with strong FOS giving histories that they would like the option to continue to hold FOS presentations and count any proceeds raised as a credit toward their program fee. We are happy to do so and will gladly welcome the opportunity to make FOS presentations at a unit's request.