

Report on the Texas State Teachers Association's Financial Condition by Executive Director Richard Kouri

2020-2021 Financial Condition of the Association

I am pleased to report that we continue to enjoy a stable financial picture. Since most of our revenue comes from the dues we collect from our members, the source of our stability lies in the membership growth we have worked hard to maintain over the past nine years and during the Pandemic. While we have experienced a decline in overall membership, we have kept revenue fairly stable with prudent checks and balances to ensure that expenditures are in line with the budget approved by the Board, making necessary adjustments as appropriate.

TSTA has three dedicated Funds created by the Board to help maintain our financial stability. These are the Cash Management Reserve Fund (CMR), the Capital Improvement and Technology Fund (CIT) and the Building Maintenance and Real Estate Investment Fund (BMRE).

Board Policy calls for making an annual transfer to the CMR of between 1% and 3% of dues revenue, as determined in the budget, with the Board able to vote to make no transfer if necessary. The goal established by the Board is to build the amount in the CMR to 16% of dues revenue (about one and one-half months of operating expenses), and then maintain that amount. The CMR Fund reached a total of \$1,510,674 at the end of 2021 or 16% of membership dues.

At the end of the year, the CIT Fund stood at \$857,926. The Board Policy for this Fund calls for transferring to the Fund each year an amount equal to the depreciation expense for capital purchases made from the Fund; thus, the Fund will vary from year to year as we make capital expenditures.

The amounts in these two funds allow us to continue to avoid any borrowing for cash flow purposes during the two or three months each year when we receive little or no dues revenue. Of course, the Permanent Fund continues to provide a stable foundation with its balance of \$1,636,483.

The BMRE was established by the Board in April of 2017. The fund was created to set aside funds for future building maintenance and real estate purchases. An initial contribution of \$500,000 was made to the fund in 2018, with additional funding annually at 1% of membership dues. Funding in 2021 was \$94,417. The balance of the BMRE, with additional market increases and earnings to date, has a balance at \$970,970.

The staff pension plan has stabilized over the last three years. The recovery of the stock market has eliminated the gap between our pension obligation to current and prior staff and the value of the assets in the pension plan to provide for a pension asset rather than a pension liability. TSTA continues to maintain level funding the plan to keep it a fully funded system.

In the American Rescue Plan under President Biden, TSTA qualified for additional stimulus credits that resulted in additional support in the last half of our fiscal year. These credits provided additional funds to help cover expenses during the pandemic.

Here is a summary of revenue and expenses for the last two years. Depreciation expense in 2019-20 and 2020-21 was \$382,981 and \$326,957, respectively. Net Income prior to depreciation was \$1,190,892 in 2019-20 year and \$1,913,182 in the 2020-21 year:

	2020 - 21	2019 - 20
REVENUE		
Membership dues	\$9,459,888	\$9,193,054
NEA program support	1,663,252	1,698,603
NEA projects	512,608	241,627
Rental income	25,000	25,000
Affiliate and other receipts	1,082,950	582,965
Member benefit programs	53,185	54,090
Other income	1,040	1,862
Conference registration	30	1,582
Investment income	224,280	171,838
TOTAL REVENUES	\$13,022,233	\$11,970,621
EXPENSES		
Public Affairs	1,067,483	1,009,744
Affiliate and Leadership Development	1,971,340	1,935,645
Legal services and Member Advocacy	1,748,394	1,926,519
NEA Projects	520,759	241,240
Total program expenses	5,307,976	5,113,148
Supporting services		
Management and General	3,039,206	3,012,497
Member Development		
Public Affairs	369,996	349,985
Executive and Governance	139,181	154,146
Affiliate and Leadership Development	2,579,649	2,532,934
Total supporting services	6,128,032	6,049,562
TOTAL EXPENSES	11,436,008	11,162,710
INCREASE (DECREASE) IN NET ASSETS	1,586,225	807,911

2021-22: Good news at the mid-point

It seems we are slowly emerging from the Covid-19 Pandemic, but there are lingering impacts on everything this year including TSTA operations in recruitment due to Covid and our ability to get on to campuses.

Overall, our membership levels have decreased during the pandemic, and 2020-21 was a very difficult year, but we are seeing a steady increase in our numbers as we are able to return to school campuses.

While life membership generally drops a little every year (1973-74 was the last year for enrolling as a life member), our TSTA-R membership is holding steady and student membership is stable at this point of the 2021-22 year.