

The Need for PAIA

In September 2018, the Executive Board of SFBAC approved and endorsed a new **Program, Activities and Insurance Assessment** program (PAIA). It was rolled out last Fall and is being implemented in 2019.

In doing this, SFBAC has joined a rapidly growing number of Councils across the nation who have implemented or are in the process of implementing a similar program. The need to do so is being driven by a reduction in support through family Friends of Scouting (FOS). Today only 20% of all our member families make gifts to FOS; this means, that only 1 in every 5 families help to provide for the Scouting program.

The declining support from family FOS is long-term. Annual FOS support since 2010 has declined \$400,000. In 2015, SFBAC sustained its first operating loss in decades. Another loss occurred in 2017 and it appears that the Council will sustain a loss again in 2018. Since the beginning of 2016 a Special Committee of the Board has been engaged in the exploration of all ideas to reduce expenses and increase revenue in order to resolve the Council's ongoing financial challenges.

Many ideas have already been implemented. Most significantly, the Council has reduced its full time equivalent staff from 35 in 2012 to 25 currently, or 29%. Employee compensation expense has been reduced approximately \$860,000, or 26%. The Council eliminated its in-school Learning for Life Program. Partnerships with other Councils have been established to reduce supplies costs. The Council has outsourced its accounting functions and replaced its audit firm for significant percentage savings. New special events have been created to generate revenue. A promising new activity is an alliance with the Technology Industry featuring an annual Gordon Moore Technology Innovation award dinner.

During the Fall of 2017, the Council adopted a \$12 Insurance Recovery Fee and initiated a Tour of Units to announce it. The Tour spelled out the Council's continuing financial needs and communicated how units could help. There were several specific ways units were asked to help. To date it is clear that of the ways units could help, none have been meaningfully adopted.

Even with all the measures taken, the council is little better off now than we were when we started. At the current time SFBAC is saddled with an upside-down position in its Unrestricted Net Assets by more than (\$477,000). This negative position was brought on by the substantial losses mentioned above and it must be reversed. The Council must get back to a sustainable financial position.

The board realized that in spite of all our efforts at finding new income and reducing expenses, more needed to be done. As a result, the board created a simple and reasonable Unit Assessment program-PAIA.