Pennsylvania Builders Association

Business Model Evaluation — Four-Scenario Narrative Analysis

Prepared for the Executive Committee | September 2026 | TRANSiT Strategy & Analytics, LLC

1. Purpose and How to Read This Document

This document translates the integrated financial model into a decision-ready narrative for the Executive Committee. It analyzes four organizational scenarios on a common, auditable footing: Advocacy Core (the priced status quo), Advocacy-Only (a lean government-affairs organization), AMC/Shared Services (outsourced management), and the Membership/Non-Dues Hybrid (reinvestment in member-facing capability).

Two elements distinguish this analysis from a conventional budget exercise. First, the scenarios are not four budgets: they are four theories of what PBA is for, each priced honestly. Second, the model is deliberately dynamic. Section 8 re-runs the scenarios under alternative operating assumptions, including a fully remote posture from August 2027, deeper AMC absorption, and adverse fee escalation, so the Committee can see which conclusions are robust and which depend on a single assumption.

The document is self-contained. Every figure is presented with its basis, and the appendices carry the full assumptions register, the staffing roster behind each scenario, and the sources the analysis draws on. Nothing here requires access to the underlying workbook.

2. Methodology and Evidence Discipline

This section explains how the numbers were built and where judgment enters.

2.1 Entity basis and source hierarchy

Modeling is performed on a PBA-standalone basis, rebuilt from the Boyer & Ritter consolidating statements for FY2021 through FY2024. BSI and consolidated 2024 figures appear as reference only. The Workers' Compensation program, including the dividend and local fees, sits entirely within BSI and is excluded from PBA operating results. FY2020 is excluded because no entity-level breakout exists for that year, and reconstructing one would violate the discipline that governs this work.

Forward expense anchors are set line by line rather than by a blanket rule, because different lines behave differently. Three methods are used. Where the 2025 approved budget is the better forward signal, as with IT, building, office supplies, printing, and promotions, the anchor is the budget figure. Where a line is lumpy or event-driven, as with legal, the gala, meetings, and special programs, the anchor is a multi-year audited average that smooths timing. Where a contract dictates the number, the contract governs: the Boyer & Ritter FP&A retainer is anchored at $62,799 for PBA, derived by subtracting BSI's four-year average accounting share of $10,126 from the $72,924 all-entity retainer. Each anchor carries its method and basis in the supporting analysis, so a reviewer can disagree with one specific judgment without discarding the structure.

2.2 Personnel, dues, and pass-through conventions

Personnel is modeled from the 12-31-25 Salaries and Benefits Worksheet seat by seat, not from audited salary totals. Continuing staff carry their 2025 loaded actuals. The Executive Officer seat is priced at a $150,000 base, reflecting a realistic hire rather than the departed incumbent's compensation, and loads to approximately $182,600. The Hybrid scenario adds one growth/non-dues focused position at a $65,000 base. Staff travel is built seat by seat and flexes with each scenario's roster rather than sitting as a fixed overhead line. Appendix B shows which seats survive in each scenario.

Dues revenue is modeled as members multiplied by a $170 net rate and a 98.7% realization factor. The realization factor is a calibration rather than an assumption: it ties the engine to the audited 2024 result, where 3,578 members at $170 produces $608,260 against $600,167 actually recorded. The $20-per-member Industry Action Fund (IAF) assessment is treated as a pass-through pair. It appears gross in the audited tie-out, but revenue and expense move together and net to approximately zero in every scenario and every year. No scenario is credited with saving the IAF, because cutting a pass-through is not a cost reduction. It is a governance decision about an earmarked assessment, which Section 8.5 presents. Non-dues revenue is carried entirely through the dependency-mapped program basket; the audited miscellaneous income

line sits inside that basket as the sponsorship/program stream and is not carried as a separate revenue line.

2.3 Scenario architecture and multi-year conventions

Year 1 of each scenario is 2027, on the reasoning that the Committee would not implement a new model mid-year. Calendar 2026 is a bridge year in which the organization runs as it currently does, with the Executive Officer seat vacant; in the scenarios that hire one, Advocacy Core and the Hybrid, the new Executive Officer starts January 1, 2027. One-time costs are split by when they actually land. The Durden severance bridge of $35,949, an obligation in every scenario, and the Executive Officer search at $30,000 (estimated 20% of $150k)— charged only to the scenarios that hire an Executive Officer, Advocacy Core, and the Hybrid — fall in 2026. Restructuring costs, including severance on eliminated seats and the AMC conversion, land in 2027, not 2026, because nothing restructures until the Committee decides and someone is in place to execute. Who that is varies by scenario: the incoming Executive Officer in Core and the Hybrid, the management company itself under the AMC, and the Committee directly in Advocacy-Only.

From 2028, personnel compounds at a 2% cost-of-living assumption and the AMC fee escalates at 4% per year. Investment income is excluded from operating results, so the operating position stands on its own. Reserves are shown in two ways: compounding at 4.5%, the five-year average of net investment income as a percentage of total net assets (consolidated basis, including the 2022 loss year), and at a 0% stress floor. Both trajectories start from the audited December 31, 2024 net-asset base of $5,566,628, the most recent audited balance; 2025 activity is not reflected, and every percentage "of today" means a percentage of that 12/31/24 base. Finally, figures throughout the document are drawn from the unrounded model, so a displayed total may differ from the sum of displayed.

Membership is the engine that separates the scenarios. Advocacy Core and AMC hold the current 4.6% annual attrition, for different reasons. Advocacy-Only carries 7.0%, being the current rate plus roughly 2.4 points of estimated small-local attrition. This is a flagged judgment, reflecting findings that an advocacy-only posture likely sunsets programs and services needed by the small local associations that provide value to their locals and members. The Hybrid takes one further year of loss at 2.3%, at half rate as new capability comes online mid-stream, and then holds flat. It is credited with stopping the decline and deliberately credited with no growth whatsoever, so any actual recruitment success accrues entirely to its upside and appears nowhere in these numbers.

2.4 The AMC fee: Sourced three different ways

Because no request for proposals has been issued, the AMC management fee is a triangulated estimate rather than a quote, and it is presented with its derivation. Three independent methods

converge. The first is a replacement-cost build of the functions an AMC would absorb. The second is informal interviews with AMC professionals that provide specific, though anecdotal data, on how AMC's price new clients. The third is a set of market checks against observable data, including Wanner Associates' Form 990 management fees for two Pennsylvania associations, at $190,481 for an organization with $488,000 of revenue and $112,818 for another with $276,000, together with the AMC Institute survey median of roughly 34% of revenue for full-scope management.

The convergence point is a $285,000 base fee, carried at $313,500 effective after a 10% pass-through contingency for unexpected expenses. The scope is a labor platform covering executive, administrative, communications, and meetings capacity, with advocacy and finance/accounting explicitly carved out and retained by PBA. Hard program costs such as printing, postage, event food and beverage, and insurance remain PBA-side by scope design, which is why they are not double-counted against the fee.

2.5 The BSI reimbursement: two defensible bases

BSI reimburses PBA for shared costs, and there are two legitimate ways to carry that reimbursement forward. The first is the historical dollar figure of $76,284 (2024 actual). The second is a 6.6% annual rate of PBA operating expenses (based on the four-year actual relationship). The choice matters here in a way it would not in a static budget, because each scenario carries a different expense base. Holding the dollar figure constant keeps every scenario whole; applying the 6.6% rate reduces recovery in every scenario since each model is tied to a different expense base.

The base case holds the dollar figure whole in all four scenarios, on the rationale that PBA's expense base is gross of costs borne for BSI. Section 8.4 shows the effect of the rate treatment. The Committee should know that this convention favors the leaner scenarios, and that under an AMC the question becomes contractual rather than analytical, because BSI servicing is assumed to sit inside the fee scope.

2.6 Known conservatisms and open judgments

Reviewers should know where the model leans and in which direction. Non-personnel anchors are held flat from 2027 through 2031 while personnel and the AMC fee compound. Real costs will creep upward over that period, so absolute deficits in the later years are best-case in all four scenarios. The same caution runs the other way on revenue: the health insurance royalty is a declining stream carried flat at its most recent value, which flatters the later years. Because these conventions apply to every scenario alike, they are unlikely to change the ranking among them, though the dollar effect differs somewhat with each scenario's cost and revenue base.

Three further judgments are open. Advocacy-Only carries no chief executive of any kind, and its surplus depends on that omission. The Advocacy-Only membership attrition premium of 2.4 points is an estimate based on current state analysis, not an observation. And the Hybrid's assumption that membership decline stops entirely is a strong claim against a fifteen-year trend. Each is identified again at the point where it does its work. Finally, during the 2026 bridge year, following the bookkeeper's April 30 retirement, the model assumes the Office Manager absorbs that processing under Boyer & Ritter review, with the engagement scoped as oversight rather than replacement. No separate bookkeeping seat is funded in any scenario.

3. The Baseline Problem the Scenarios Must Solve

PBA has run a standalone operating deficit between $200,000 and $300,000 in recent years, depending on presentation basis. The structure of the deficit, however, matters more than its size. Loaded salaries have exceeded total annual dues revenue in every year since 2021, running between 104% and 119% of dues, and personnel represents about 64% of controllable operating spend (PBA-standalone, excluding the IAF pass-through; on a consolidated total-expense basis the share is roughly 53%). Statewide membership has declined 52.6% since 2010, from 7,162 to approximately 3,392, with no recovery years, and the 2025 drop, at roughly 4.3%, is the steepest single-year decline since 2017 apart from the 2020 pandemic year. Audited PBA net assets of $5,566,628 at December 31, 2024, with roughly 95% of total assets held in cash and investments, have functioned as an operating subsidy rather than a reserve, because investment returns have offset the operating gap and made the erosion feel survivable.

Note on the deficit range. The audited PBA-standalone statements show 2024 revenue of $934,393 against operating expenses of $1,184,244, a deficit of $249,851. PBA's 2024 Form 990 shows identical revenue excluding investment income, $934,393, against total expenses of $1,235,053, a deficit of $300,660. The revenue basis ties exactly, and the balance sheet ties exactly; the $50,809 difference is due to a difference in expense presentation between the two documents and is being reconciled with Boyer & Ritter. Both figures are cited here so the range is transparent.

That is the honest frame for what follows. The Committee is not choosing between a healthy status quo and three alternatives. It is choosing among four answers to a deficit that already exists. Each scenario below is presented the same way: the theory of the organization it embodies, its Year-1 economics, its trajectory through 2031, its transition costs, and the specific assumption that, if wrong, could break it.

2026 Overview

Calendar 2026 shows a modest operating surplus of approximately $62,100, identical across all four scenarios because the organization runs as-is during the bridge year. That surplus should not be read as material improvement. It exists primarily because two seats are unfilled: the chief executive position, vacant pending the Committee's decision, and the bookkeeping function, handled externally by Boyer & Ritter for the balance of the bridge year following the bookkeeper's April 30 retirement. The organization is running a structurally short roster, and the 2027 figures show what happens when each scenario's 2027 architecture takes effect — a new Executive Officer in Core and the Hybrid, the management fee under the AMC, and the restructured roster in Advocacy-Only. If anything, 2026 illustrates how much of the deficit is currently compensation-driven (and revenue constricted). The year also carries two partial-year items that largely offset: the retiring bookkeeper's payroll through April 30, and the Boyer & Ritter FP&A retainer for six months from a July 1 start rather than a full year.

Year 1 (2027) integrated operating position

	Advocacy Core	Advocacy-Only	AMC / Shared Svcs	M/ND Hybrid
Members (2027)	3,236	3,155	3,236	3,314
Total operating revenue	$814,372	$772,404	$774,146	$830,440
Personnel (loaded)	$597,604	$318,410	$246,671	$684,855
AMC fee (effective)	—	—	$313,500	—
Staff travel (roster-linked)	$45,689	$26,588	$22,805	$49,473
Fixed non-personnel	$332,015	$332,015	$306,970	$332,015
Program-cost relief	—	($25,961)	—	—
Total operating expense	$975,307	$651,052	$889,946	$1,066,343
Operating result	($160,935)	$121,352	($115,800)	($235,903)
As % of revenue	(19.8%)	15.7%	(15.0%)	(28.4%)
One-time transition (2026–2027 total)	$65,949	$56,372	$105,131	$65,949

Investment income excluded. The IAF pass-through nets to zero and is carried as a memo. One-time transition costs are split between 2026 and 2027 as described in Section 2.3.

Operating result by year, 2026–2031

	2026	2027	2028	2029	2030	2031
Advocacy Core	62,124	(160,935)	(197,864)	(233,882)	(269,048)	(303,418)
Advocacy-Only	62,124	121,352	77,933	36,980	(1,691)	(38,252)
AMC / Shared Svcs	62,124	(115,800)	(123,187)	(165,089)	(206,516)	(247,543)
M/ND Hybrid	62,124	(235,903)	(246,474)	(257,162)	(267,966)	(278,883)

2026 is identical across scenarios by construction, with the Executive Officer seat vacant. These are operating results only; one-time transition costs land in 2026 and 2027 and are set out in the table below.

Six-year totals, 2026–2031

	Operating total	One-time transition	Total change in net assets
Advocacy Core	(1,103,023)	(65,949)	(1,168,972)
Advocacy-Only	258,446	(56,372)	202,074
AMC / Shared Svcs	(796,010)	(105,131)	(901,141)
M/ND Hybrid	(1,224,264)	(65,949)	(1,290,213)

Parentheses denote a draw on net assets. The operating total is the sum of the six annual figures above. One-time transition costs land in 2026 and 2027 only and are shown separately because they do not recur; adding them gives the total change in net assets before investment return.

4. Scenario I — Advocacy Core: The Priced Status Quo

Advocacy Core is the status quo operation made explicit: five seats, being the Chief Lobbyist, the Director of Government Affairs and PAC, Communications and Member Services, the Office Manager, and a new Executive Officer at a $150,000 base, together with the full program slate, the existing lease, and the current membership trajectory. Its purpose in this analysis is to be seen rather than chosen or rejected. It is the benchmark that converts keeping what we have from a default into a priced decision.

The price is a structural deficit that deepens every year as membership erodes: $160,935 in 2027, widening to $303,418 by 2031 as the member base falls from 3,236 to 2,680 at the current 4.6% attrition rate. Cumulative reserve draw across 2026 through 2031 is $1,168,972. At the 4.5% audited-average return, portfolio earnings more than offset the draw, and reserves end 2031 at approximately $5.99 million, or 108% of the audited 12/31/24 base, which is precisely the dynamic that has made the deficit feel survivable. At the 0% stress floor (i.e., no return at all), reserves end at approximately $4.40 million, or 79%. The difference between those two outcomes is entirely market performance, which is another way of saying the operating model has no floor of its own.

No single assumption failure changes this scenario's character. The trajectory is smooth, funded, and downward. Reserves fund the gap, membership decline compounds, and every year of deferral prices the eventual correction higher. ***Advocacy Core is a decision to spend roughly $1.17 million of accumulated reserves over six years purchasing time.***

5. Scenario II — Advocacy-Only: Solvent and Much Smaller

Advocacy-Only takes the strongest finding in the member research seriously, that advocacy is the universally endorsed function, and builds the organization around it. The roster contracts to three seats: the government-affairs core of Miller and Pento, plus an Office Manager. The Communications and Member Services seat is eliminated, and member services and communications programming is cut, with 75% of those functions' non-personnel anchors, or $25,961, taken as relief. The model carries no chief executive of any kind.

The economics are the strongest in the set, at first. Year 1 posts a $121,352 surplus, and this is the only scenario that posts a positive operating result in any year after the bridge year. But the trend tells the real story. The surplus decays every year, to $77,933 in 2028 and $36,980 in 2029, and turns negative at $1,691 in 2030 and $38,252 in 2031. The decay is mechanical. This scenario carries the steepest membership loss at 7.0% annually, so its revenue base shrinks faster than any other while its cost base holds. It is the cheapest to run and is self-funding across the window, with a cumulative reserve build of $202,074 and reserves ending at approximately $7.49 million. *But it hollows the organization: 2,360 members by 2031, the fewest of any scenario, with no member-facing floor beneath the advocacy franchise.*

Three fragilities deserve attention. First, the no-executive assumption. The Year-1 surplus covers roughly two-thirds of the loaded cost of the modeled chief executive, so elevating Miller or Pento with an executive stipend, or adding even a part-time executive director, consumes most of the margin. The surplus is an artifact of the organization chart rather than of efficiency. Second, the administrative backbone: retaining an Office Manager preserves the administratively run functions and basic office continuity, but the registered lobbying filing function previously sat with the departed Office Operations Manager, and government-affairs promotions and meeting logistics currently run through the Communications seat being eliminated. Third, the 7.0% attrition rate is itself an estimate; if small-local attrition runs hotter than the assumed 2.4 additional points, the decay steepens. The BSI reimbursement sensitivity in Section 8.4 also cuts hard here, because this scenario's revenue includes $76,284 of shared-cost recovery riding on a much smaller expense base.

Advocacy-Only is financially self-sustaining across the decision window and strategically corrosive across the same window. It converts PBA from a membership organization into a lobbying operation with a dues remnant, which is defensible only if the PBA concludes the membership franchise is already unrecoverable.

6. Scenario III — AMC / Shared Services: The Managed Middle

The AMC scenario retains the government-affairs core in-house, being Miller and Pento at $246,671 loaded, and contracts the management platform to an Association Management Company (AMC) at a triangulated $285,000 base fee, carried at $313,500 effective. Finance and accounting remain PBA-side with Boyer & Ritter by explicit scope decision, and hard program costs remain PBA-side by scope design. The Executive Officer, Communications, and Office Manager seats come off PBA's payroll, but the capacity does not disappear: the fee was priced to include executive, administrative, communications, and meetings support, so those functions are absorbed into the AMC's scope rather than being fully eliminated.

From August 2027, when the lease expires, the AMC platform absorbs 60% of the $100,178 occupancy and office-infrastructure pool, or $60,107 annually, prorated to $25,044 for the five post-lease months of 2027. The retained 40% funds a downsized government-affairs presence, meaning theoretical co-working space and a two-person IT and phone footprint. The absorption share is an adjustable assumption.

The Year-1 result is a $115,800 deficit, the mildest of the three deficit scenarios and roughly $45,000 better than Advocacy Core. But the structural savings are more modest than the headline suggests. All-in staffing-equivalent cost, meaning retained government-affairs personnel plus the effective fee, is $560,171 against Advocacy Core's $597,604 personnel line, a difference of about $37,000 per year before revenue effects. And the savings erode because the fee escalates at 4% while staff costs compound at 2%, so the differential compounds against the AMC every year. By 2031, the deficit reaches $247,543, only about $56,000 better than the status quo, and cumulative reserve draw is $901,141.

The scenario carries the largest one-time transition cost at $105,131. This comprises the Durden bridge in 2026, and in 2027, thirteen weeks' severance on the two eliminated seats at $34,182, plus a $35,000 conversion cost covering member-records cleaning and migration, event workflow setup, website mapping and update, and email domain integration. The conversion is scoped for a medium-complexity association with no chart-of-accounts work, since finance stays in-house. It is a negotiation point: it can be paid up front or amortized into the fee under a multi-year contract, and a request for proposals should price both structures.

What breaks this scenario is service quality on relationship revenue. The membership assumption holds attrition at the current 4.6%, no better and no worse, which embeds a belief that an AMC *delivers member-facing service at parity* with dedicated staff. Interviews with executive staff at association management companies, including SmithBucklin, indicate this is not how the model typically performs: AMCs are structured to deliver transactional and administrative throughput reliably, but the continuity of relationship that home builders associations expect from their state staff is not what the staffing model is built to provide. That matters here because the three-

program value shelf carrying the tangible member proposition, being PA One Call, workers' compensation, and rebates, runs substantially on relationships, and the analysis already prices $40,227 of Year-1 non-dues revenue loss net of a 40% restaffing offset. If AMC service quality pushes attrition even one point above the hold rate, the additional dues erosion consumes roughly $75,000 of the scenario's savings across the window — and measured against a downsized Advocacy Core (Section 8.1), the AMC becomes the more expensive path outright.

A request for proposals must also resolve a scope question: BSI servicing is assumed to sit inside the fee, and the reimbursement treatment needs contract language to match.

The AMC offers modest savings, eroding on a 4% escalator, purchased with the largest transition cost and a genuine service-quality risk.

7. Scenario IV — Membership / Non-Dues Hybrid: Buying Capability

The Hybrid is the only scenario that treats membership decline and non-dues revenue as problems to be solved rather than a parameter to be endured. It keeps the full Advocacy Core roster and adds one growth seat at a $65,000 base dedicated to communications, non-dues revenue, and field work. This responds to the staff finding that the revenue problem is a compound deficit of ideas, skill set, and bandwidth, and to the focus-group finding that the vacant field representative role left an onboarding vacuum currently filled by unsustainable volunteer labor. Personnel loads to $684,855. The scenario is credited with a 5% annual uplift on the roughly $59,500 “hustle” subset of the non-dues basket: the gala, sponsorship, and affinity streams the growth seat can actively work, as that seat compounds, and with cutting membership loss to 2.3% in 2027 and holding flat thereafter, with no growth credited in any year.

It is the most expensive path in every year: a $235,903 deficit in 2027, moderating in slope but reaching $278,883 by 2031, with cumulative draw of $1,290,213, the largest in the set. But it is also the only scenario whose deficit grows at a roughly constant $11,000 a year rather than accelerating, because it is the only one holding its revenue base. It ends 2031 with 3,314 members, against 2,680 in Core and AMC and 2,360 in Advocacy-Only. That is 954 more members than Advocacy-Only, roughly 40% more, which at current net rates is approximately $160,000 of annual dues capacity before any non-dues attach. *The scenario buys capability rather than cuts, and the purchase is front-loaded while the return compounds over time.*

What breaks it is the assumption that the decline stops. Everything rides on the claim that one capability hire plus program reinvestment halts a fifteen-year trend with no recovery years. The model hedges honestly, with half-rate loss in year one, flat thereafter, and zero growth credited, but flat is itself a strong claim against a 4.6% baseline slide. If the Hybrid only slows attrition to 2.5% annually rather than stopping it, its deficits cross Core’s trajectory, roughly $332,000 against Core’s $303,000 by 2031, with cumulative draw near $1.43 million, while carrying $87,000 more annual cost. The counterweight is that this is the only scenario with unpriced upside, since any actual local membership success and any growth-seat non-dues wins beyond the credited 5% fall outside these figures.

The Hybrid is a reserve-funded investment that attempts to stabilize and potentially grow an organization that’s holding over $5m in assets.

8. Testing the Conclusions: What-if Analysis

The base case embeds specific operating-posture assumptions. This section re-runs the scenarios under alternative assumptions. The purpose is to show which conclusions survive contact and which scenario rankings are decisions in disguise.

8.1 Downsize to co-working from August 2027

The office lease expires July 31, 2027 in every scenario, not only under an AMC. The occupancy decision intersects the governance decision, and the incoming Executive Officer should own (or significantly influence) the decision. The base case assumes the three staffed scenarios renew equivalent space at expiry, which is why they continue to carry the full occupancy pool. This what-if replaces renewal with a downsized footprint. Of the $100,178 occupancy and office-infrastructure pool, covering telephone, IT, building, equipment, supplies, and postage, 60% or $60,107 annually is eliminated, with the retained 40%, about $40,071 annually or $3,339 monthly, funding a co-working landing place for the remaining team plus home-office and technology stipends and the phone and IT footprint the organization still requires. The savings are prorated to $25,044 for the five post-lease months of 2027 and run at full value from 2028. Section 8.2 tests the further step of keeping no space at all.

Operating result	2027	2028	2029	2030	2031	Cum. ’27–’31
Core — base	(160,935)	(197,864)	(233,882)	(269,048)	(303,418)	—
Core — co-working	(135,891)	(137,757)	(173,775)	(208,942)	(243,311)	+265,472
Adv-Only — base	121,352	77,933	36,980	(1,691)	(38,252)	—
Adv-Only — co-working	146,397	138,040	97,086	58,415	21,855	+265,472
Hybrid — base	(235,903)	(246,474)	(257,162)	(267,966)	(278,883)	—
Hybrid — co-working	(210,858)	(186,367)	(197,056)	(207,859)	(218,776)	+265,472

Applies the occupancy absorption pool of $100,178 at the 60% share to the non-AMC scenarios from August 1, 2027.

Three findings follow. First, the downsizing lever is worth roughly $265,000 per scenario across the window, which is material against every deficit and larger than the entire structural savings the AMC scenario offers. Second, it changes Advocacy-Only’s character: the decaying surplus no longer flips negative, holding at $21,855 in 2031, which means a downsized Advocacy-Only organization is self-sustaining across the full window rather than merely across most of it. Third, and most importantly, nearly all of what the AMC scenario appears to save is the occupancy dividend, available to any scenario the moment the lease expires. Once the three staffed scenarios downsize, the AMC’s Year-1 advantage over Core narrows from roughly $45,000 to

roughly $20,000, and the case for outsourcing must stand on management quality rather than on occupancy arithmetic it does not exclusively own.

8.2 Keeping no space at all (60% to 90%)

A fully remote organization keeping no space at all, not even a co-working landing place, eliminates 90% of the pool rather than 60%. That is an additional $30,053 annually from 2028 and $12,522 in the partial 2027. Applied to the AMC, the 2031 result improves from $247,543 to roughly $217,489, and cumulative draw falls by about $132,700. Applied to the staffed scenarios, Advocacy Core's 2031 deficit narrows to roughly $213,258, and its cumulative draw falls by about $398,200. The share does not reach 100% because a fully remote organization still pays for something: phone and IT service, mail handling, and periodic meeting space. Those costs persist regardless of who manages the organization. Because the additional 60%-to-90% step applies equally to every scenario, it improves all four without changing their ranking. One nuance is worth naming: measured against the base case, a fully remote Advocacy Core edges past the AMC on the 2031 operating result, because the AMC already carried most of the occupancy dividend in its base case.

8.3 Adverse fee escalation (4% to 5%)

The AMC saving is a spread between a 4% fee escalator and 2% staff cost growth, and the spread is fragile. At a 5% escalator, which is well within observed AMC contract behavior, the 2031 fee reaches $381,061 rather than $366,751; the 2031 deficit deepens to roughly $261,853, and cumulative draw worsens by about $34,300. Combined with the Section 8.1 finding, a 5%-escalator AMC measured against a downsized Advocacy Core is more expensive by 2031. The escalator cap is therefore not a contract detail; it is the scenario's load-bearing wall, and a request for proposals should treat a hard cap at or below 3% as a threshold term.

8.4 Flexing the BSI reimbursement

The base case holds the BSI shared-cost reimbursement whole at $76,284 in every scenario. Applying the alternative basis described in Section 2.5, the four-year actual rate of 6.6% of PBA operating expenses cuts recovery in every scenario, because every modeled expense base is leaner than the historical one, and it cuts hardest where the base is leanest. Advocacy-Only's reimbursement falls to roughly $42,970, a reduction of $31,000 to $33,000 annually, which pushes its 2031 result from a $38,252 deficit to approximately $69,800 and cuts its cumulative reserve build from $202,074 to roughly $14,900, a swing of about $187,000 that all but erases its self-funding margin across the window. The AMC loses about $17,500 annually, Core about $11,900, and the Hybrid about $5,900. These bases should be chosen consciously: the whole-reimbursement convention is favorable to the lean scenarios, and Advocacy-Only's self-sustaining character is partly a function of it. Under an AMC the question becomes contractual,

because BSI servicing is assumed to sit inside the fee scope and the reimbursement must be reconciled in that agreement.

The $76,284 BSI reimbursement is revenue received by PBA for shared costs. It should not be confused with the $62,799 Boyer & Ritter FP&A retainer described in Section 2.1, which is a PBA expense anchor.

8.5 The IAF policy lever

Roughly $64,000 per year of member assessments flows through PBA to the Industry Action Fund (IAF) as an earmarked legal-advocacy pass-through, scaling with membership. Redirecting it to the general account would offset a third to a half of most scenarios' deficits. The model deliberately refuses to count it, because it is not a cost reduction. It is a governance decision to unwind an earmark members were told funds future litigation. It is listed here because it is likely to arise during the onsite conversation. The correct answer is that it exists, it is material, and it is a policy question for the Board rather than an efficiency anyone can claim.

8.6 The stress floor: 0% portfolio return

Estimated reserves at year-end 2031	At 4.5% return	% of 12/31/24	At 0% return	% of 12/31/24
Advocacy Core	$5,986,739	108%	$4,397,656	79%
Advocacy-Only	$7,491,475	135%	$5,768,702	104%
AMC / Shared Svcs	$6,277,013	113%	$4,665,487	84%
M/ND Hybrid	$5,842,110	105%	$4,276,415	77%

The 0% column is the audited PBA net asset base of $5,566,628 at December 31, 2024, less each scenario's cumulative draw. The 4.5% return is the five-year average of net investment income as a percentage of total net assets, consolidated basis, including the 2022 loss year; it is a blended rate across the whole pool, since investments earn a market return while cash and receivables do not. Figures are modeled estimates, not projections of market performance.

The stress floor is important to model itself. With average recent returns, every scenario ends 2031 with nominal reserves at or above the 12/31/24 level, and the choice can appear costless. Without returns, three of the four scenarios consume roughly a fifth of the reserve in six years. The deficit scenarios are all survivable on this horizon, but that is not the issue. The issue is that the same math does not hold past 2031, and the group should see 2026 through 2031 as the window in which the operating model gets fixed while reserves are strong enough to fund the fix.

9. Comparative Synthesis: What PBA Is Actually Choosing

Strip the arithmetic away, and the four scenarios reduce to a two-axis choice: how much of the reserve to spend, and what to spend it on. Advocacy Core spends roughly $1.17 million of reserves buying time, with membership and relevance eroding throughout. Advocacy-Only spends nothing and builds reserves modestly, the only self-funding path, but pays in franchise: the fewest members, no member-facing floor, and an organization that by 2031 would be a well-funded lobbying operation attached to a shrinking dues remnant. The AMC spends about $901,000 buying professional management, with savings that are real but modest, eroding on the fee escalator, partly attributable to a remote dividend every scenario can claim, and exposed to service-quality risk on exactly the relationship revenue the value shelf depends on. The Hybrid spends the most, roughly $1.29 million, buying the only trajectory in the set where the membership base, and therefore the revenue base, is larger at the end than under any alternative.

10. FAQs and their Methodology

“Where do these numbers come from?” Every expense anchor traces to a named source: the audited Boyer & Ritter consolidating statements for FY2021 through FY2024, the 2025 approved budget, the 12-31-25 Salaries and Benefits Worksheet, or an executed contract. Appendix C lists the full source set. Several judgment calls present themselves, including staffing levels and office space renewal, that influence the five-year forecast for each potential model; these are identified in Appendix A.

“Why should we trust an AMC fee no one has quoted?” Because it is presented as a triangulation, not a quote. Replacement cost, gap-analysis benchmarks, and observable market data, including Form 990 management fees for different Pennsylvania associations, converge on $285,000 for the defined scope, carried at $313,500 with contingency. The number exists to size the decision; a request for proposals exists to replace it.

“Aren’t the membership assumptions just guesses?” They are flagged judgments calibrated to evidence. The 4.6% annual rate is PBA’s observed current attrition. The Advocacy-Only premium reflects documented concerns about membership exposure amid state-level program and service losses, especially among the twelve small locals. The Hybrid is credited with stopping decline but with zero growth, the most conservative version of its own thesis.

“Why is investment income excluded in totals?” Because including it is how the organization arrived here. Portfolio returns have masked a structural operating deficit since 2022. The operating result is presented on its own so the Committee prices the model, not the market. Reserve returns then appear where they belong, in the reserve trajectory, shown both at the audited average and at a zero-return stress floor.

“Why does 2026 look better than 2027?” Because 2026 runs without a chief executive on payroll. The bridge year carries a vacant Executive Officer seat and an externally handled bookkeeping function, which produces a modest surplus that reverses as soon as the seat is filled on January 1, 2027. It is a staffing artifact, not a trend.

Appendix A · Assumptions Register

Assumption	Value	Basis / status
Members, 2026 base	3,392	YE2025 NAHB membership series; Builders 1,298 + Associates 2,094
Net dues rate / realization rate	$170 / 98.7%	Gross $190 less $20 IAF carve; realized dues calibrated to audited 2024 membership totals
Dues increase	$0 per member	Held at zero; toggle allowed in scenario modeler for $20 - $100 increase in 2027
Attrition, Core & AMC	4.6% / yr	Observed historic rate; hold assumption
Attrition, Advocacy-Only	7.0% / yr	Judgment: base plus ~2.4 pts small-local attrition
Hybrid ramp	2.3% in 2027, flat after	Decline halted; zero growth credited (conservative)
2026 bridge year	EO seat vacant	New Executive Officer starts 1/1/2027; search cost lands 2026
EO compensation	$150,000 base	Repriced seat; loads to ~$182,600
EO search	20% of first-yr comp = $30,000	Low-end retained search or committee-led with consultant
AMC fee	$285,000 base / $313,500 eff.	Triangulated
AMC fee escalator	4% / yr	Against 2% staff COLA; sensitivity at 5% in §8.3
AMC conversion	$35,000 (2027)	Medium complexity, no chart-of-accounts work; up front or amortized
Severance, eliminated seats	13 wks × base × 1.0765	Discretionary; employee manual specifies none; lands 2027
Occupancy pool / downsizing	$100,178 / 60%	Lease expires 7/31/27; base case renews. Downsizing tested @ 60% and 90%.
BSI reimbursement	$76,284 all scenarios	Dollar basis held whole; 6.6% rate basis tested in §8.4
IAF pass-through	$20/member, net $0	Earmarked assessment; policy lever noted in §8.5
Non-personnel anchors	Flat 2027–2031	Conservative-low; understates late-year expense equally across scenarios
Reserve return	4.5% (0% stress floor)	Five-year average of net investment income as a % of total net assets, consolidated, including 2022 loss
Reserve base	$5,566,628	Audited PBA net assets 12/31/24; ties to 2024 Form 990; includes IAF funds

Appendix B · Scenario Roster Matrix

Which seats sit on PBA's payroll in each scenario. Under AMC, the Executive Officer, Communications, and Office Manager functions transfer into the management fee scope rather than being eliminated outright.

Seat	Advocacy Core	Advocacy-Only	AMC	Hybrid
Executive Officer	**Retained**	—	In fee scope	**Retained**
Chief Lobbyist (GA)	**Retained**	**Retained**	**Retained**	**Retained**
GA / PAC Director	**Retained**	**Retained**	**Retained**	**Retained**
Communications & Member Svc	**Retained**	—	In fee scope	**Retained**
Office Manager	**Retained**	**Retained**	In fee scope	**Retained**
Growth seat (Comms / Non-Dues / Field)	—	—	—	**Retained**
Headcount on PBA payroll	5	3	2	6
Loaded personnel (2027)	**$597,604**	**$318,410**	**$246,671**	**$684,855**
AMC fee (effective, 2027)	—	—	**$313,500**	—

Finance and accounting sit outside this matrix in every scenario, handled by Boyer & Ritter under the FP&A retainer.

Appendix C · Sources

The modeling in this document draws on the following materials.

Category	Materials
Audited financial statements	Boyer & Ritter audited financial reports and consolidating schedules, PBA and BSI, FY2021 through FY2024, including entity-level breakouts used to establish the PBA-standalone basis.
Tax filings	PBA Forms 990 for 2021 through 2024, used for balance-sheet corroboration and peer benchmarking.
Budgets	Approved budgets and budget narratives, used to set forward anchors where the budget is the better forward signal.
Payroll and compensation	12-31-25 Salaries and Benefits Worksheet; current-year staff salaries and bonuses schedule.
Membership data	NAHB monthly membership series for Pennsylvania, 2010 through 2026; local HBA membership counts 2019 through 2025; historical dues rate schedule.
Contracts and engagements	Boyer & Ritter FP&A engagement letter, executed May 13, 2026 ($5,900 per month plus a 3% other-expenses charge, all entities); hotel, vendor, advertising, and service agreements in force.
Peer benchmarking	Cross-state Form 990 comparison covering Wisconsin, Washington, Kentucky, Virginia, and Indiana; structured interviews with the chief staff executives of the five peer state associations.
Association management market	Form 990 management-fee disclosures for Pennsylvania associations under third-party management; AMC Institute survey data; interviews with executive staff at association management companies.
Member research	PBA member survey, 257 responses, fielded spring 2026, with quantitative tables and qualitative coding.
Local executive officer research	Three focus groups with 14 local executive officers, segmented by association size.
Staff research	Structured interviews with PBA staff covering functional dependencies, systems, and process continuity.