

PROPANE EDUCATION RESEARCH COUNCIL  
2021 PROPOSED BUDGET  
BUDGET SUMMARY

M. EASON  
November  
2020

|  | 2020<br>Approved<br>Budget | 2021<br>Budget<br>Proposal | Variance<br>Favorable<br>(Unfavorable) |
|--|----------------------------|----------------------------|--|
| <b>REVENUES:</b>                         |                            |                            |  |
| Assessment Collections                   | \$ 41,854,183              | \$ 41,950,000              | \$ 95,816                              |
| Less: State Rebates                      | \$ (8,370,837)             | \$ (8,390,000)             | \$ (19,163)                            |
| <b>Net Assessment Revenue</b>            | <b>\$ 33,483,347</b>       | <b>\$ 33,560,000</b>       | <b>\$ 76,653</b>                       |
| Propane Web Services Revenue             | \$ 12,000                  | \$ 12,000                  | \$ -                                   |
| Investment Income                        | \$ 200,000                 | \$ 431,479                 | \$ 231,479                             |
| CETP Certification                       | \$ 610,000                 | \$ 142,250                 | \$ (467,750)                           |
| <b>Total Revenues</b>                    | <b>\$ 34,305,347</b>       | <b>\$ 34,145,729</b>       | <b>\$ (159,618)</b>                    |
| <b>Fulfillment Operation</b>             |                            |                            |  |
| Sales Revenue                            |                            | \$ 930,248                 | \$ 930,248                             |
| Cost of Goods Sold                       |                            | \$ (629,153)               | \$ (629,153)                           |
| <b>Gross Profit</b>                      | <b>\$ -</b>                | <b>\$ 301,095</b>          | <b>\$ 301,095</b>                      |
| Fulfillment Operating Expenses           |                            | \$ (146,800)               | \$ (146,800)                           |
| <b>Fulfillment Net Income</b>            | <b>\$ -</b>                | <b>\$ 154,295</b>          | <b>\$ 154,295</b>                      |
| <b>EXPENDITURES:</b>                     |                            |                            |  |
| <b>Expenses</b>                          |                            |                            |  |
| Administrative Expenses                  | \$ 2,567,488               | \$ 2,856,064               | \$ 288,576                             |
| Other Expenses:                          |                            |                            |  |
| Assessment & Collections                 | \$ 90,000                  | \$ 90,000                  | \$ -                                   |
| Depreciation Expenses                    | \$ 60,000                  | \$ -                       | \$ (60,000)                            |
| <b>Total Other Expenses</b>              | <b>\$ 150,000</b>          | <b>\$ 90,000</b>           | <b>\$ (60,000)</b>                     |
| <b>Total expenses</b>                    | <b>\$ 2,717,488</b>        | <b>\$ 2,946,064</b>        | <b>\$ 228,576</b>                      |
| <b>Program Funding</b>                   |                            |                            |  |
| Operating programs                       | \$ 27,420,500              | \$ 26,020,500              | \$ (1,400,000)                         |
| Program Labor                            | \$ 4,567,213               | \$ 4,857,611               | \$ 290,398                             |
| Program Benefits                         | \$ 750,240                 | \$ 883,200                 | \$ 132,960                             |
| IT Program Support                       | \$ 709,766                 | \$ 742,649                 | \$ 32,883                              |
| <b>Total Program Funding</b>             | <b>\$ 33,447,719</b>       | <b>\$ 32,503,960</b>       | <b>\$ (943,760)</b>                    |
| <b>TOTAL EXPENDITURES</b>                | <b>\$ 36,165,207</b>       | <b>\$ 35,450,024</b>       | <b>\$ (715,183)</b>                    |
| <b>Add De-obligations</b>                | <b>\$ 500,000</b>          | <b>\$ 500,000</b>          |  |
| <b>Increase/(Decrease) in Net Assets</b> | <b>\$ (1,359,861)</b>      | <b>\$ (650,000)</b>        | <b>\$ 709,860</b>                      |
| <b>Capital Budget:</b>                   | <b>\$ 50,000</b>           | <b>\$ -</b>                |  |

**Administrative Expense Budget**

|  | <b>2020 Budget</b>  | <b>2021 Proposed Budget</b> | <b>Change</b>     |
|--|---------------------|-----------------------------|-------------------|
| Salaries & Taxes                         | \$ 806,602          | \$ 937,885                  | \$ 131,283        |
| Health Ins., Retirement & Other Benefits | \$ 125,685          | \$ 168,730                  | \$ 43,045         |
| Accounting & Bank Fees                   | \$ 374,034          | \$ 382,400                  | \$ 8,366          |
| Computer Maintenance & Services          | \$ 199,277          | \$ 271,236                  | \$ 71,959         |
| Dues & Professional Training             | \$ 44,000           | \$ 44,000                   | \$ -              |
| Equipment Maintenance                    | \$ 2,000            | \$ -                        | \$ (2,000)        |
| Insurance - Business                     | \$ 60,000           | \$ 89,000                   | \$ 29,000         |
| Lease Expense                            | \$ 463,590          | \$ 449,464                  | \$ (14,126)       |
| Legal Fees                               | \$ 25,000           | \$ 25,000                   | \$ -              |
| Meeting & Travel Expenses                | \$ 151,500          | \$ 187,850                  | \$ 36,350         |
| Miscellaneous                            | \$ 10,000           | \$ 10,000                   | \$ -              |
| Business Taxes                           | \$ 17,000           | \$ 3,000                    | \$ (14,000)       |
| Office Supplies                          | \$ 25,000           | \$ 24,900                   | \$ (100)          |
| Postage & Shipping                       | \$ 9,000            | \$ 9,800                    | \$ 800            |
| Printing & Promotions                    | \$ 6,000            | \$ 3,850                    | \$ (2,150)        |
| Professional Services                    | \$ 146,000          | \$ 101,000                  | \$ (45,000)       |
| Subscriptions & Reference Materials      | \$ 5,000            | \$ 5,400                    | \$ 400            |
| Telephone Services                       | \$ 48,800           | \$ 73,800                   | \$ 25,000         |
| Video/Audio/Photography                  | \$ 49,000           | \$ 68,750                   | \$ 19,750         |
| <b>Total Admin Expenses</b>              | <b>\$ 2,567,488</b> | <b>\$ 2,856,065</b>         | <b>\$ 288,577</b> |

## IT Expense Budget

|                                    | <b>2020 Budget</b> | <b>2021 Proposed<br/>Budget</b> | <b>Change</b>    |
|------------------------------------|--------------------|---------------------------------|------------------|
| Website Related                    | \$ 55,914          | \$ 138,452                      | \$ 82,538        |
| Customer Relationship Management   | \$ 31,428          | \$ 56,000                       | \$ 24,572        |
| Dashboards/Grant Management System | \$ 222,224         | \$ 171,197                      | \$ (51,027)      |
| Professional IT Services           | \$ 396,000         | \$ 360,000                      | \$ (36,000)      |
| Misc Software/Hardware Repairs     | \$ 4,200           | \$ 17,000                       | \$ 12,800        |
| <b>Total IT Program Expenses</b>   | <b>\$ 709,766</b>  | <b>\$ 742,649</b>               | <b>\$ 32,883</b> |

2021 Proposed Program Budget Detail

|                                     |                                  | FY20 Budget         | FY21 Draft Budget   |                      |
|-------------------------------------|----------------------------------|---------------------|---------------------|----------------------|
| Market                              | Activity                         |                     | Total               | Variance             |
| <b>Agriculture</b>                  |                                  |                     |                     |                      |
|                                     | Business Development             | \$40,000            | \$285,000           | \$245,000            |
|                                     | Marketing / Communications       | \$950,000           | \$707,000           | (\$243,000)          |
|                                     | Product Development              | \$1,103,000         | \$1,105,500         | \$2,500              |
|                                     | Safety & Training                | \$50,000            | \$0                 | (\$50,000)           |
|                                     | <b>Total</b>                     | <b>\$2,143,000</b>  | <b>\$2,097,500</b>  | <b>(\$45,500)</b>    |
| <b>On Road</b>                      |                                  |                     |                     |                      |
|                                     | Business Development             | \$150,000           | \$590,000           | \$440,000            |
|                                     | Marketing / Communications       | \$1,475,000         | \$985,000           | (\$490,000)          |
|                                     | Market Research                  | \$75,000            | \$0                 | (\$75,000)           |
|                                     | Product Development              | \$1,821,000         | \$1,610,000         | (\$211,000)          |
|                                     | Safety & Training                | \$300,000           | \$150,000           | (\$150,000)          |
|                                     | Technical Research & Training    | \$0                 | \$325,000           | \$325,000            |
|                                     | <b>Total</b>                     | <b>\$3,821,000</b>  | <b>\$3,660,000</b>  | <b>(\$161,000)</b>   |
| <b>Residential</b>                  |                                  |                     |                     |                      |
|                                     | Business Development             | \$50,000            | \$522,500           | \$472,500            |
|                                     | Incentive Programs               | \$500,000           | \$0                 | (\$500,000)          |
|                                     | Marketing / Communications       | \$5,230,000         | \$3,762,500         | (\$1,467,500)        |
|                                     | Market Research                  | \$235,000           | \$0                 | (\$235,000)          |
|                                     | Product Development              | \$150,000           | \$375,000           | \$225,000            |
|                                     | Safety & Training                | \$425,000           | \$75,000            | (\$350,000)          |
|                                     | Technical Research & Training    | \$0                 | \$135,000           | \$135,000            |
|                                     | <b>Total</b>                     | <b>\$6,590,000</b>  | <b>\$4,870,000</b>  | <b>(\$1,720,000)</b> |
| <b>Commercial</b>                   |                                  |                     |                     |                      |
|                                     | Business Development             | \$35,000            | \$342,500           | \$307,500            |
|                                     | Marketing / Communications       | \$820,000           | \$637,500           | (\$182,500)          |
|                                     | Product Development              | \$250,000           | \$350,000           | \$100,000            |
|                                     | Safety & Training                | \$50,000            | \$50,000            | \$0                  |
|                                     | Technical Research & Training    | \$0                 | \$130,000           | \$130,000            |
|                                     | <b>Total</b>                     | <b>\$1,155,000</b>  | <b>\$1,510,000</b>  | <b>\$355,000</b>     |
| <b>Material Handling/Industrial</b> |                                  |                     |                     |                      |
|                                     | Business Development             | \$120,000           | \$365,000           | \$245,000            |
|                                     | Marketing / Communications       | \$850,000           | \$545,000           | (\$305,000)          |
|                                     | Market Research                  | \$50,000            | \$0                 | (\$50,000)           |
|                                     | Product Development              | \$550,000           | \$550,000           | \$0                  |
|                                     | Safety & Training                | \$50,000            | \$40,000            | (\$10,000)           |
|                                     | Technical Research & Training    | \$0                 | \$70,000            | \$70,000             |
|                                     | <b>Total</b>                     | <b>\$1,620,000</b>  | <b>\$1,570,000</b>  | <b>(\$50,000)</b>    |
| <b>Off Road</b>                     |                                  |                     |                     |                      |
|                                     | Business Development             | \$170,000           | \$255,000           | \$85,000             |
|                                     | Incentive Programs               | \$300,000           | \$0                 | (\$300,000)          |
|                                     | Marketing / Communications       | \$700,000           | \$390,000           | (\$310,000)          |
|                                     | Market Research                  | \$30,000            | \$0                 | (\$30,000)           |
|                                     | Product Development              | \$150,000           | \$300,000           | \$150,000            |
|                                     | Safety & Training                | \$50,000            | \$50,000            | \$0                  |
|                                     | Technical Research & Training    | \$0                 | \$30,000            | \$30,000             |
|                                     | <b>Total</b>                     | <b>\$1,400,000</b>  | <b>\$1,025,000</b>  | <b>(\$375,000)</b>   |
| <b>Industry</b>                     |                                  |                     |                     |                      |
|                                     | Market Research                  | \$570,000           | \$352,000           | (\$218,000)          |
|                                     | Industry Supporting Activities   | \$1,419,000         | \$1,320,000         | (\$99,000)           |
|                                     | Safety & Training                | \$1,476,500         | \$650,000           | (\$826,500)          |
|                                     | Business Development             | \$719,500           | \$0                 | (\$719,500)          |
|                                     | Technical Research               | \$600,000           | \$0                 | (\$600,000)          |
|                                     | <b>Total</b>                     | <b>\$4,785,000</b>  | <b>\$2,322,000</b>  | <b>(\$2,463,000)</b> |
| <b>Cross Market</b>                 |                                  |                     |                     |                      |
|                                     | Business Development             | \$425,000           | \$675,000           | \$250,000            |
|                                     | Digital Strategy & Analytics     | \$400,000           | \$680,000           | \$280,000            |
|                                     | Industry Supporting Activities   | \$975,000           | \$2,051,000         | \$1,076,000          |
|                                     | Marketing / Communications       | \$800,000           | \$956,000           | \$156,000            |
|                                     | Market Research                  | \$0                 | \$479,000           | \$479,000            |
|                                     | Safety & Training                | \$1,476,500         | \$2,300,000         | \$823,500            |
|                                     | Technical Research & Training    | \$630,000           | \$625,000           | (\$5,000)            |
|                                     | <b>Total</b>                     | <b>\$4,706,500</b>  | <b>\$7,766,000</b>  | <b>\$3,059,500</b>   |
| <b>Presidential Discretionary</b>   |                                  |                     |                     |                      |
|                                     | Program Support                  | \$300,000           | \$0                 | (\$300,000)          |
|                                     | <b>Total</b>                     | <b>\$300,000</b>    | <b>\$0</b>          | <b>(\$300,000)</b>   |
| <b>Thought Leadership</b>           |                                  |                     |                     |                      |
|                                     | Environmental Thought Leadership | \$900,000           | \$1,200,000         | \$300,000            |
|                                     | <b>Total</b>                     | <b>\$900,000</b>    | <b>\$1,200,000</b>  | <b>\$300,000</b>     |
| <b>Grand Total</b>                  |                                  | <b>\$27,420,500</b> | <b>\$26,020,500</b> | <b>(\$1,400,000)</b> |

| <b>Fiscal Year 21 Budget Matrix</b> | <i>Product Development</i> | <i>Business Development</i> | <i>Technical Research &amp; Training</i> | <i>Business Marketing / Communications</i> | <i>Consumer Marketing / Communications</i> | <i>Environmental Thought Leadership</i> | <i>Industry Supporting Activities</i> | <i>Safety &amp; Training</i> | <i>Digital Strategy &amp; Analytics</i> | <i>Market Research</i> | <i>Market Total</i> |
|-------------------------------------|----------------------------|-----------------------------|--|--|--|---|---------------------------------------|------------------------------|---|------------------------|---------------------|
| Agriculture                         | 1,105,500                  | 285,000                     | -  | 342,000                                    | 365,000                                    | -                                       | -                                     | -                            | -                                       | -                      | <b>2,097,500</b>    |
| Commercial                          | 350,000                    | 342,500                     | 130,000                                  | 502,500                                    | 135,000                                    | -                                       | -                                     | 50,000                       | -                                       | -                      | <b>1,510,000</b>    |
| Cross-Market                        | -                          | 675,000                     | 625,000                                  | -  | 956,000                                    | -                                       | 2,051,000                             | 2,300,000                    | 680,000                                 | 479,000                | <b>7,766,000</b>    |
| Industry                            | -                          | -                           | -  | -  | -  | -                                       | 1,320,000                             | 650,000                      | -                                       | 352,000                | <b>2,322,000</b>    |
| Material Handling / Industrial      | 550,000                    | 365,000                     | 70,000                                   | 310,000                                    | 235,000                                    | -                                       | -                                     | 40,000                       | -                                       | -                      | <b>1,570,000</b>    |
| Off Road                            | 300,000                    | 255,000                     | 30,000                                   | 185,000                                    | 205,000                                    | -                                       | -                                     | 50,000                       | -                                       | -                      | <b>1,025,000</b>    |
| On-Road                             | 1,610,000                  | 590,000                     | 325,000                                  | 557,500                                    | 427,500                                    | -                                       | -                                     | 150,000                      | -                                       | -                      | <b>3,660,000</b>    |
| Residential                         | 375,000                    | 522,500                     | 135,000                                  | 762,500                                    | 3,000,000                                  | -                                       | -                                     | 75,000                       | -                                       | -                      | <b>4,870,000</b>    |
| Thought Leadership                  | -                          | -                           | -  | -  | -  | 1,200,000                               | -                                     | -                            | -                                       | -                      | <b>1,200,000</b>    |
| <b>Activity Total</b>               | <b>\$4,290,500</b>         | <b>\$3,035,000</b>          | <b>\$1,315,000</b>                       | <b>\$2,659,500</b>                         | <b>\$5,323,500</b>                         | <b>\$1,200,000</b>                      | <b>\$3,371,000</b>                    | <b>\$3,315,000</b>           | <b>\$680,000</b>                        | <b>\$831,000</b>       | <b>\$26,020,500</b> |

2021 Budget - Strategic Plan Alignment

| Strategic Plan Priority                      | Market                       | Activity                       | Strategic Score | FY20              | FY21              | Variance           |
|--|------------------------------|--------------------------------|-----------------|-------------------|-------------------|--------------------|
| On Road Market Growth                        |                              |                                |                 |                   |                   |                    |
|  | On Road                      | Market Research                |                 | 75,000            | -                 | (75,000)           |
|  |                              | Product Development            | 30              | 1,821,000         | 1,610,000         | (211,000)          |
|  |                              | Marketing / Communications     | 30              | 1,475,000         | 985,000           | (490,000)          |
|  |                              | Technical Research & Trainir   | 30              | -                 | 325,000           | 325,000            |
|  |                              | Safety & Training              | 30              | 300,000           | 150,000           | (150,000)          |
|  |                              | Business Development           | 30              | 150,000           | 590,000           | 440,000            |
| <b>Autogas Market Growth Total</b>           |                              |                                |                 | <b>3,821,000</b>  | <b>3,660,000</b>  | <b>(161,000)</b>   |
| Commercialization & Market Growth            |                              |                                |                 |                   |                   |                    |
|  | Agriculture                  | Product Development            | 30              | 1,103,000         | 1,105,500         | 2,500              |
|  |                              | Marketing / Communications     | 30              | 990,000           | 707,000           | (283,000)          |
|  |                              | Business Development           | 30              | -                 | 285,000           | 285,000            |
|  | Residential                  | Incentive Programs             |                 | 500,000           | -                 | (500,000)          |
|  |                              | Market Research                |                 | 235,000           | -                 | (235,000)          |
|  |                              | Product Development            | 30              | 150,000           | 375,000           | 225,000            |
|  |                              | Marketing / Communications     | 30              | 4,960,000         | 3,762,500         | (1,197,500)        |
|  |                              | Business Development           | 30              | 25,000            | 522,500           | 497,500            |
|  | Commercial                   | Product Development            | 30              | 250,000           | 350,000           | 100,000            |
|  |                              | Marketing / Communications     | 30              | 845,000           | 637,500           | (207,500)          |
|  |                              | Business Development           | 30              | 10,000            | 342,500           | 332,500            |
|  | Material Handling/Industrial | Market Research                |                 | 50,000            | -                 | (50,000)           |
|  |                              | Product Development            | 30              | 550,000           | 550,000           | -                  |
|  |                              | Marketing / Communications     | 30              | 900,000           | 545,000           | (355,000)          |
|  |                              | Business Development           | 30              | 70,000            | 365,000           | 295,000            |
|  | Off Road                     | Incentive Programs             |                 | 300,000           | -                 | (300,000)          |
|  |                              | Market Research                |                 | 30,000            | -                 | (30,000)           |
|  |                              | Product Development            | 30              | 150,000           | 300,000           | 150,000            |
|  |                              | Marketing / Communications     | 30              | 800,000           | 390,000           | (410,000)          |
|  |                              | Business Development           | 30              | 70,000            | 255,000           | 185,000            |
|  | Cross Market                 | Business Development           | 30              | 600,000           | 675,000           | 75,000             |
| <b>Commercialization &amp; Market Growth</b> |                              |                                |                 | <b>12,588,000</b> | <b>11,167,500</b> | <b>(1,420,500)</b> |
| Thought Leadership                           |                              |                                |                 |                   |                   |                    |
|  | Cross Market                 | Market Research                | 30              | 570,000           | 479,000           | (91,000)           |
|  |                              | Marketing / Communications     | 30              | 750,000           | 956,000           | 206,000            |
|  |                              | Digital Strategy & Analytics   | 30              | 400,000           | 680,000           | 280,000            |
|  |                              | Thought Leadership             | 30              | 900,000           | 1,200,000         | 300,000            |
|  |                              | Technical Research & Trainir   | 30              | 630,000           | 625,000           | (5,000)            |
| <b>Thought Leadership Total</b>              |                              |                                |                 | <b>3,250,000</b>  | <b>3,940,000</b>  | <b>690,000</b>     |
| Training                                     |                              |                                |                 |                   |                   |                    |
|  | Residential                  | Safety & Training              | 30              | 425,000           | 75,000            | (350,000)          |
|  |                              | Technical Research & Trainir   | 30              | -                 | 135,000           | 135,000            |
|  | Commercial                   | Safety & Training              | 30              | 50,000            | 50,000            | -                  |
|  |                              | Technical Research & Trainir   | 30              | -                 | 130,000           | 130,000            |
|  | Material Handling/Industrial | Safety & Training              | 30              | 40,000            | 40,000            | -                  |
|  |                              | Technical Research & Trainir   | 30              | -                 | 70,000            | 70,000             |
|  | Off Road                     | Safety & Training              | 30              | 50,000            | 50,000            | -                  |
|  |                              | Technical Research & Trainir   | 30              | -                 | 30,000            | 30,000             |
|  | Cross Market                 | Safety & Training              | 30              | 2,000,000         | 2,300,000         | 300,000            |
|  | Industry                     | Workforce Outreach             | 30              | 800,000           | 800,000           | -                  |
|  |                              | Safety & Training              | 30              | 1,358,000         | 650,000           | (708,000)          |
| <b>Training Total</b>                        |                              |                                |                 | <b>4,723,000</b>  | <b>4,330,000</b>  | <b>(393,000)</b>   |
| Other  |                              |                                |                 |                   |                   |                    |
|  | Cross Market                 | Industry Supporting Activities | 10              | 719,500           | 1,251,000         | 531,500            |
|  | Industry                     | Industry Supporting Activities | 20              | 1,419,000         | 1,320,000         | (99,000)           |
|  |                              | Market Research                | 10              | 600,000           | 352,000           | (248,000)          |
|  | Presidential Discretionary   | Program Support                | 10              | 300,000           | -                 | (300,000)          |
| <b>Other Total</b>                           |                              |                                |                 | <b>3,038,500</b>  | <b>2,923,000</b>  | <b>(115,500)</b>   |
| <b>Grand Total</b>                           |                              |                                |                 | <b>27,420,500</b> | <b>26,020,500</b> | <b>(1,400,000)</b> |

|    |   |
|----|---|
| 30 | Specifically called out in strategic objectives.  |
| 20 | Not specifically called out in strategic objectives, but consistent with strategic direction. |
| 10 | Operational items.  |