



----- from the desk of -----
Michael McCrum
National President
Phi Kappa Tau Fraternity

August 21, 2023

To my Brothers of Phi Kappa Tau,

As your President, I write to give you an update on activities since the Convention and to address concerns regarding the notice of fee structure that was sent out this past week by the executive office. Numerous things have happened in recent years that have given all of us concern. Concerns about financial issues and chapter services. Well, the other members of the Council and I have heard you - - and I commit to you that we are doing everything to address all those concerns. My primary responsibility is to serve you, the undergraduate and alumni members of our great Fraternity. In that role, I will always be completely transparent in what the Council and I are doing and answer all questions that members may have.

You have every right in the world to ask questions about the fee structure. A couple of narratives have been expressed by some members: (1) increasing dues is a subterfuge against the Convention's vote to roll back 1 semester of education program fees, and (2) the increase is double what had been charged the previous year. Hopefully, my explanation below will demonstrate that neither narrative is correct.

First, for those who did not attend or watch the Convention, let me explain the "roll back" that was approved at the Convention. A concern was expressed that chapters had paid the full amount of educational program fees during the previous year even though there was only one Leadership Academy and Zenith Officers Institute hosted by the Fraternity. Without question, this was a legitimate concern. The Convention delegates voted for a roll back of the program fees that had been paid the previous semester. That is, the National Fraternity should give back money it collected the previous semester for programs that such money was intended to pay for.

Well, we have done that. Each chapter is getting a credit for the program fees it had paid the previous year.

This month, the National Council was tasked with approving a budget for the coming year. The question we faced: What do we do this coming year and how are we going to pay for it? As your National Council, we are fully aware that there have been concerns that the Executive Office had not adequately responded to the needs of the chapters in terms of recruitment, programming, and education. Brothers legitimately cried out for significant change in operations.

Well, we heard you. The other members of the Council and I rolled up our sleeves and got to the task of how to address needs considering available monies. In other words, what can we do and how are going to pay for it? Here is a list of changes that we are making to address our brothers' needs across the country by providing more meaningful help and service to chapters:

Programming:

1. Zenith Officers Institute: Last year, National hosted a Zenith Officers Institute Conference but it was not planned in a way that allowed many chapters to attend. We are changing that. This coming year not only will everyone be given sufficient notice, but the plan is to EXPAND Zenith to host all chapters across the country. We will be encouraging chapters to send 4 officers. An important factor to know is that Zenith is a more expensive program to present than the previous "President's Academy" that was designed for only 1 officer per chapter. By bringing in multiple officers per chapter, the cost increases.
2. Leadership Academy: Last year, National did not host a Leadership Academy. We are changing that. This year National will be hosting this important event designed to prepare up-and-coming potential chapter leaders.
3. Regional Conferences: National did not host a single regional conference last year. We are changing that. This coming year, we are planning to host 4 regional conferences.

Education:

1. The Convention delegates unanimously voted to authorize the CEO to hire a National Director for Education. The resolution calls upon the new Director to "coordinate, develop and oversee the logistics of a unified National Education Policy." Well, we're doing this.
2. The budget includes money to hire a National Director for Education who is extremely qualified in fraternity operations and leadership. We have not had a Director of Education for three years. This hiring will take us to a higher level in the quality of educational service we provide to our undergraduate brothers.
3. Let me take a moment to address this week's narrative in social media regarding the increase in educational fees. The narrative is that the educational fee was increased 100% - - that we doubled it. This is not true. The overall Fraternity budget for 2023-23 increased by 15.8%, which includes a 17.4% increase to the educational pool. The 17.4% increase is not a doubling from the amount charged previously. In approving this increase, we considered several factors, including the fact that there has not been an increase in educational fees for the past 4 years.
4. And to address another concern, the 17.4% increase in the educational pool assessment for the coming semester is not intended to "cover" the roll back of last semester's fees. The roll back is being paid from education funds previously collected last year.

Chapter Services:

Years ago, our chapters lost the benefit of one-to-one interaction between staff consultants and undergraduates. What we now know to be a failed experiment

rested entirely on telephone consultation. Concerns were expressed by brothers about the quality of this service.

Well, we heard you. The Executive Office is returning to the “travel” consultant model of years past by sending chapter service consultants back out into the field. These traveling consultants will now be able to meet face-to-face with chapter undergraduates, chapter alumni advisors and domain directors. Of course, travel for these consultants is an added expense.

Recruitment:

- 1. The same as above - - the Executive Office will now be sending “Growth Consultants” (staff members different from the chapter service consultants described above) out into the field to meet with chapter leaders to help plan and execute their recruitment effort.*
- 2. To arm our Growth Consultants and chapter leaders with the most current methods how best to recruit, we have initiated a national program which has solid, statistical proof from years of working with other fraternities that it produces substantial improvement in recruitment programs and results. This is an expansion of services that our staff can provide. I hear concerns that this program may not provide the best advice and teaching that others can offer. Frankly, from examining the statistical proof of success that this program has enjoyed, it appears to be a viable excellent program that is worthy for our needs. To be transparent, we considered the options, and this seems to be the best option in providing the service that our chapters need.*

It is my hope and the hope of the other members of the Council that these improvements will bring about a substantial difference in the quality of service National provides. But, as we all know, an increase in services is not free. You should know about a couple of financial hurdles that we encountered in preparing this coming year’s budget:

Significant Increase in Insurance Expense:

The Executive Office was not able to send out its notice of fee structure until this past week because we were waiting to hear from our Fraternity’s insurance company. As you know, the Fraternity pays for insurance to cover issues that may arise with chapters across the country. The insurance company finally sent notice that its fee will increase by approximately one hundred twenty-five thousand dollars. This is an incredible hit to our Fraternity’s budget, which significantly adds to the need for the fee structure you received.

Past Failure to Account for Inflation and other Rising Costs

- 1. As mentioned above, there has been no increase in educational fees in the last 4 years. Similarly, there has not been an increase in convention fees or undergraduate membership dues. Consider no increase in these three areas of funding despite the marked increase caused by inflation.*
- 2. Additionally, we considered the fact that the level of our Fraternity’s national dues is below the national average for fraternities.*

3. *While any increase is difficult to accept (nobody likes increases in dues or fees), from a business sense we must acknowledge that it was time to increase dues.*

I ask you to believe me - - the increases that we will see this coming semester have zero to do with the roll back of program fees approved at Convention. It was not “retaliatory” as some have expressed in social media. Rather, it is the direct result of (a) the Council hearing your concerns and committing to respond by implementing changes to improve the quality and quantity of services and programming, (b) substantial increases in insurance cost and other expenses as a result of inflation, (c) the increase in executive overhead expense as a result of the Foundation and Fraternity no longer sharing a single CEO expense, (d) a 4-year stagnation in the amount charged for education fees, convention fees, and membership dues, (e) increased due to the implementation of traveling chapter service consultants and growth consultants, and (f) the hiring of a National Director of Education.

There is a potential area of relief. As we all know, the Phi Kappa Tau Foundation was created for the sole purpose of providing funding for the education of our brothers. The Foundation currently has millions of dollars held in restricted and unrestricted accounts. The Fraternity intends to request substantial grants from the Foundation to help fund the educational programs described above. Once we know how much money the Foundation will provide, we will be able to share with you the extent to which this addresses the funding of needed services.

As you all know, the roll back called for at the Convention was not a vote that chapters would never again have to see an increase in fees for programs or services that everyone agrees we need. The fee structure that is being implemented this Fall is a direct result of the several factors described above. I promise you that the National Council is aggressively trying to respond to all concerns in a meaningful and productive way. I commit to you that I am and will continue to be a good steward of your money - - I will be judicious in my decisions of how and when to raise and spend your money.

As I mentioned at the Convention, I will be conducting a “town hall” Zoom meeting every seven weeks. The purpose is to allow any member who wants to sign on to ask me any question or express any concern. If I don’t know the answer, I’ll write it down and do my best to get an answer. The first Zoom Town Hall will happen next week, August 30, seven weeks after the Convention. Here’s the info:

Time: Aug 30, 2023, 08:00 PM Central Time (US and Canada)

Link: <https://us06web.zoom.us/j/81966514636?pwd=aExlZ2tTUk4zWnVpejc2VVFQclQ3dz09>

Meeting ID: 819 6651 4636

Passcode: 069831

I hope the above at least offers my and the Council’s thought in approving a budget for the coming year and the changes we have already made in these first six weeks after Convention. After I recovered from Covid in the first week after the Convention, I traveled to our Executive Office and had the privilege of meeting with our CEO, the Vice Chairman and Executive Director of the Foundation, and other brothers. I had the opportunity to sit for several hours in a meeting with our recruitment “Growth” consultants and witnessed a detailed discussion among them about their

discussions with different chapters across the country (they had personally consulted with over 75% of our chapters as of last week). Last week, I traveled to Lexington to meet with Kappa undergraduate officers and prospective BOG alumni and am excited that we now have a solid Kappa BOG in place. By the way, many thanks to the Transylvania alumni brothers who are stepping up to help their brothers across town! I have scheduled commitments to travel to several other chapters this month and in September and October. Things are moving in a very positive manner. In addition to all of this, there are other exciting things in the works, and I will have information to share with you very soon. As an example, I will let you know about the following:

- *The creation of a Finance Committee composed of brothers who will provide counsel about financial matters;*
- *The creation of a Mental Health & Emotional Wellness Committee to better our Fraternity's approach to these issues and help undergraduate and alumni brothers;*
- *Expanded discussion about the development of our Domain Director program;*
- *New ways we are implementing a culture of Transparency and Confidentiality.*

I believe you will find more and more as time passes that others and I are working hard to meet the concerns of you, our brothers. In the interim, I ask of you two things:

First, please send me an email if you have questions or concerns. My email is mmccrum@phikappatau.org. I will try my best to answer all questions or help find the answers if I don't have them.

Second, I ask that our national conversation be constructive, positive, and conducted through a lens of brotherhood. I know you know that each of us as brothers are each other's keeper. While it is certainly a legitimate exercise of brotherhood to ask questions, express disagreements, and hold each other accountable, I encourage all of us to do so with an assumption of positive intent and integrity by our fellow brother until proven otherwise. Let us strongly hold onto our shared spirit of brotherhood through all our discussions.

in Phi,

A handwritten signature in cursive script that reads "Michael McCrum". The signature is written in black ink and is positioned above the printed name.

Michael "Mike" McCrum