

Propane Education and Research Council, Inc.
Proposed Budget for 2025



ENERGY FOR EVERYONE
propane

Propane Education and Research Council, Inc. Budget Plan for Calendar Year 2025

The Propane Education and Research Act of 1996 (Public Law 104-284) (PERA) requires the Propane Education and Research Council, Inc. (PERC) to publish a budget plan for public comment for the coming calendar year before August 1 of each year. That budget plan, according to the Act, shall include the probable costs of all programs, projects, and contracts as well as a recommended rate of assessment sufficient to cover such costs. After public review and comment and approval by a majority of Council members, PERC must submit the proposed budget to the Secretary of Energy and to Congress.

This document constitutes PERC's proposed budget for the calendar year 2025, and public comments are hereby sought.

In accordance with PERA, this budget includes functions to develop programs and projects that will result in entering into contracts or agreements for implementing the Act, including programs to enhance consumer and employee safety and training, to provide for research and development of clean and efficient propane utilization equipment, to inform and educate the public about safety and other issues associated with the use of propane, and to provide for the payment of the costs thereof with funds collected pursuant to this Act. Furthermore, this budget complies with that part of the Act requiring that issues related to research and development, safety, education, and training be given priority by the Council in the development of its programs and projects. All resources and expenditures outlined in this budget plan will be audited by a certified public accountant shortly after said resources and expenditures are realized for the 2025 year.

Comments Encouraged. The propane industry and the public are invited to provide comments on this proposed budget plan. Comments may be sent to the following:

https://propaneeducationandresearchcouncil.formstack.com/forms/public_comment_proposed_budget

Comments should be received no later than 5 p.m. EDT on August 31. All comments received by August 31 will be considered by the Council at its meeting scheduled for December 5-6, 2024 in Naples, Florida.

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EXECUTIVE SUMMARY

The Proposed 2025 Budget for the Propane Education and Research Council, Inc. (“PERC” or the “Organization”) is grounded in the Organization’s mission as outlined by the Propane Education and Research Act of 1996 (“PERA”) to “enhance consumer and employee safety and training, to provide for research and development of clean and efficient propane utilization equipment, to inform and educate the public about safety and other issues associated with the use of propane.” The Proposed 2025 Budget continues to build on successful programs and introduces new initiatives that prioritize the Four Strategic Pillars of the 2023-2025 Strategic Plan:

- Increase propane’s voice in the national energy conversation, educate consumers about propane’s environmental benefits and its role as an alternative energy in the nation’s wide path to zero emissions.
- Implement a market strategy that partners propane with counter-seasonal demand for BTUs and grow the total propane market share.
- Develop professional industry and allied partner employees through world-class safety training and education.
- Educate the propane industry about available propane Autogas equipment, grow the service network, and facilitate the sale of units.

The Summary Proposed 2025 Budget is presented below:

	2025 Budget
REVENUES	
Assessment revenue	\$ 46,600,000
State rebate	(9,320,000)
Net Assessment Revenue	\$ 37,280,000
Other Revenue	\$ 2,617,268
TOTAL REVENUES	\$ 39,897,268
EXPENSES	
General & Administrative Expenses	\$ 2,309,732
Program Expenses	42,862,642
TOTAL EXPENSES	\$ 45,172,374
CHANGE IN NET ASSETS	\$ (5,275,106)

The Proposed 2025 Budget prioritizes safety and training, commercialization of power generation opportunities, and product development while continuing a robust commitment to the Propane Industry's workforce development with continued investment in the Technical School Grant Program, and Propane Engine Training Grant Program. The First Responder Training Partnership with States represents a significant investment in the safety training of first responders and aims to reduce propane incidents through this jointly funded safety effort with state organization collaboration. Additional resources have been targeted to continue development of updated, current and relevant safety content delivered in a flexible module based online format. Product development and technical research efforts are responding to the changing engine landscape with new resources supporting engine development, understanding the emissions and performance differences between propane and electric powered engines, and fuel quality research aimed at informing the standard setting process for propane fueling.

The budget is primarily funded with a \$0.005 assessment on each gallon of odorized propane, and this level of assessment has remained steady since the last increase was effective on October 1, 2017. We have estimated that in 2025, the Organization will receive \$46.6 million in assessment revenue, of which 20% will be allocated to the State Rebate Program. The budget receives supplemental funding from its investment income generated on cash balances from government securities and certificates of deposit, in addition to services revenue generated from certain program support provided to the state level propane foundations authorized under PERA, and other income.

The planned expenses in 2025 are expected to exceed these revenue sources by approximately \$5.3 million, which will be funded from reserves and reduce the organization's net assets in 2025. However, this reduction in general cash reserves will not reduce the Council designated reserve fund or adversely impact the organization's solvency.

The 2025 Proposed Budget continues to enhance consumer and employee safety and training, to provide for research and development of clean and efficient propane utilization equipment, to inform and educate the public about safety and other issues associated with the use of propane while continuing to evolve and respond to the opportunities of a changing marketplace in the Propane Industry.

STRATEGIC BUDGET ALIGNMENT

The 2025 Proposed Budget derives its prioritization of activities from the 2023-2025 Strategic Plan and the underlying strategic pillars that support that plan. Those pillars and the supporting initiatives that support each pillar are summarized as follows:

- Increase propane's voice in the national energy conversation, educate consumers about propane's environmental benefits and its role as an alternative energy in the nation's wide path to zero emissions.
 - Operate an integrated messaging approach across all market segments as part of a broader consumer education program promoting propane's role in a wide path to zero emissions.
 - Train propane industry members on proper messages.
 - Assertively challenge incorrect data about the short and long-term feasibility and costs of an all-electrification philosophy through the use of data-focused and rapid-response communication efforts.
 - Engage thought leaders who are propane advocates to share the benefits of propane with their followers through the Environmental Through Leadership and social influencers campaign.
 - Leverage resources and partnerships with state entities, public voices, and business allies to positively impact the perception of propane as a low-carbon solution.

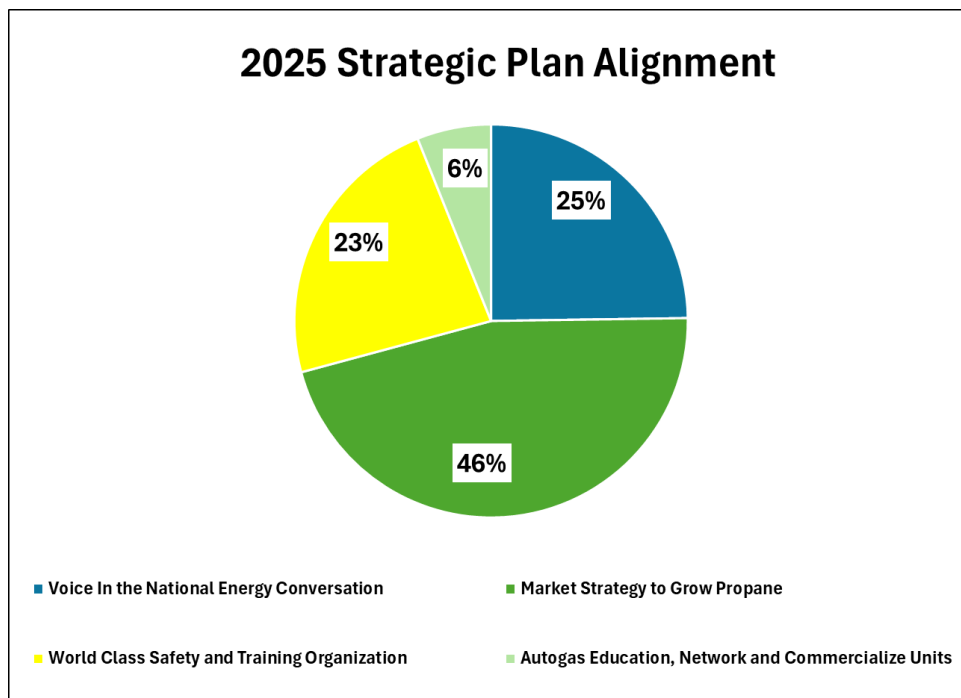
- Implement a market strategy that partners propane with counter-seasonal demand for BTUs and grow the total propane market share.
 - Assess current projects to calculate demand projections to identify gaps and priorities.
 - Align commercialization pipeline strategy to achieve counter-seasonal demand goals.
 - Commercialization of the Propane Low NOx Certified 6.7L Engine.

- Develop professional industry and allied partner employees through world-class safety training and education.
 - Quantify the total number of employees in the propane industry and establish a projection for needs in the next two to five years.
 - Boost awareness of propane career opportunities and deliver 500 viable candidates for job openings in 12 months.
 - Establish a pipeline of educated job candidates who could become industry employees or advocates for propane in their careers by placing a propane-based curriculum in 25 schools with trained instructors within 12 months (may include Autogas training in year two).
 - Continue to leverage historical investments in technology to deliver safety and training programs at reduced cost and increased reach. Supplement relevant content in The Learning Center and evaluate user satisfaction and outcomes.
 - Conduct research to identify/quantify industry workforce needs.
 - Implement a strategy to incorporate the curriculum into the established industry and related programs.
 - Continue awareness campaigns to drive potential employees to employers.

- Educate the propane industry about available propane Autogas equipment, grow the service network, and facilitate the sale of units.
 - Identify a qualified service company to service each engine platform in each of the eight PERC regions.
 - Commercialization of the Propane Low NOx Certified 6.7L Engine.
 - Form partnerships with truck body builders.
 - Develop a network for service and outreach.
 - Establish criteria for identifying qualified dealers around the country and determine strategies to help dealers increase propane sales.
 - Identify existing propane providers using Autogas vehicles in their fleet and leverage their support to increase confidence among other industry members.
 - Drive awareness through external market (trade allies) training.

The 2025 Budget Plan takes this strategic plan and its supporting initiatives to prioritize the direct program-related spending elements of the budget. This includes all direct expenditures in support of program initiatives, excluding program salaries, wages, and benefits, and totals approximately \$36.4 million under the 2025 Proposed Budget. These direct program expenditures are primarily targeted with 75% of the expenditure to support the safety, training, and research and development initiatives within the strategic plan and specifically the following pillars:

- Develop professional industry and allied partner employees through world-class safety training and education.
- Implement a market strategy that partners propane with counter-seasonal demand for BTUs and grow the total propane market share.
- Educate the propane industry about available propane Autogas equipment, grow the service network, and facilitate the sale of units.



PROPANE MARKET AND ACTIVITY BUDGET IMPACT

The Budget Plan for 2025 includes \$36.5 million for program expenditures. This represents a \$2.6 million and 6.6% decrease in the program expenditures compared to the 2024 budget, as detailed in the Program Activity Budget Report in Appendix II on page 17. A summary of these changes by market is presented below:

	2024	2025	Change
	Budget	Budget	
Material Handling	\$ 933,100	\$ 913,361	\$ (19,739)
Off Road	1,131,184	1,704,764	573,580
Commercial	1,508,324	1,952,880	444,556
Agriculture	1,593,801	2,489,093	895,292
On Road	2,147,829	2,691,458	543,629
Propane Industry	3,089,983	3,393,310	303,327
Cross Market	18,259,186	11,600,517	(6,658,669)
Residential	10,347,249	11,709,749	1,362,500
TOTAL BUDGET	\$ 39,010,656	\$ 36,455,131	\$ (2,555,525)

The decrease in planned program expenditures in 2025 represents a reallocation and prioritization of resources to support the rollout of the First Responder Training Partnership with States program, increase product development with an emphasis on engine development and agriculture initiatives, and support commercialization efforts across the industry in power generation. This strategic allocation of resources is particularly evident in the Cross Market with a decrease in funding of \$6.7 million which represents an distribution of resources to support the safety and training programs headlined by the First Responder Training Partnership with States program, and a streamlining of resources needed to support more focused work in technical research, business development and communications within the Cross Market. The decrease in Cross Market is partially offset by increases in the other markets falling into the following categories:

- Engine related product development efforts have been funded in the Agriculture, On Road and Off Road markets in 2025 primarily focused on development of the Low NOx Certified 6.7L Propane Engine. Additional product development is planned in the Agriculture market focusing on a mobile agriculture application which accounts for the balance of the increase in that market.
- The Commercial market increase is primarily attributable to a planned Combined Heat and Power (CHP) demonstration program in support of power generation commercialization efforts within that market. This program will support gathering research and data on 4.4kW to 25kW CHP applications to provide evidence of their economic, environmental and energy efficiency advantages.
- The Propane Industry market increase is attributable to several incremental initiatives including a Sales Summit for marketers in sales and operations to explore growth opportunities and technology to increase propane usage, and an update of the usable claims database which is on a 3-year refresh cycle.

The change in budgeted activities across all markets are summarized in the following table:

	2024	2025	Change
	Budget	Budget	
Digital Strategy & Analytics	\$ 680,000	\$ 452,400	\$ (227,600)
Market Research	645,100	771,900	126,800
Thought Leadership	1,325,000	1,325,000	-
Technical Research	1,921,000	1,420,940	(500,060)
General/Admin & IT Allocations	2,052,282	2,130,303	78,021
Product Development	882,000	2,382,000	1,500,000
Industry Supporting Activities	2,431,100	2,533,100	102,000
Business Development	2,752,175	2,690,766	(61,409)
Incentivized Research	3,200,000	3,307,500	107,500
Communications - Business	4,683,000	4,732,200	49,200
Safety & Technical Training	5,604,000	6,484,021	880,021
Communications - Consumer	6,425,000	8,225,000	1,800,000
Environmental Campaign with States	6,410,000	-	(6,410,000)
TOTAL BUDGET	\$ 39,010,657	\$ 36,455,131	\$ (2,555,526)

The budgeted activities for 2025 are highlighted by the reallocation of resources to Safety and Technical Training in support of the First Responder Training Partnership with States program. This initiative aims to reduce propane-related safety incidents while expanding training opportunities for first responders. PERC will match state contributions dollar-for-dollar by offering \$1 in PERC funding for every \$1 invested by state entities to hold first responder training events in their state. In addition to financial support, state entities will receive additional support in the form of creative assets and professional services. Safety and Technical Training will also be focused on the update and modularization of CETP 4.3, 5.1 and Plant Operations, Phase 2, transitioning CETP content to the Propane Education Program (PEP) platform, and analysis of propane incident data to improve the delivery of safety and training content.

In order to maintain the national footprint of the environmental campaign messaging \$2 million was directed to the residential, consumer communications budget to continue distribution of the environmental message emphasizing the clean and environmentally favorable attributes of propane.

Product development will increase its activities in 2025 by \$1.5 million with a focus on engine development broadly and specifically continuing development of the Low NOx Certified 6.7L Propane Engine. A new mobile agriculture product development project is also expected to kick off in 2025 as the development efforts on the Propane Fueled Band Soil Steamer conclude and that product moves into commercial production.

Technical Research plans for 2025 are supportive of the engine development programs with a focus on research initiatives supporting propane engine development across multiple markets. These projects are focused on measuring contaminants in propane fuels, development of a hybrid power train for use with a propane engine, fuel tank conformity and research, and propane engine emissions research with comparison to other fuel sources. Additional Market Research efforts will be supported by the research and development team in 2025 including updates to the Propane Industry's Usable Claims Data and incremental research efforts on the total addressable market and segmentation of the prime power generation market for Propane.

The Propane Construction Research Program, Agriculture Equipment Research Program, Commercial CHP Demonstration Program and National Builder Propane Research Program are the foundation of the Incentivized Research efforts in 2025. These programs all support research on the environmental impacts of propane relative to other fuel alternatives, and also collect data demonstrating the economic and application use cases supporting increased utilization of propane equipment. The Propane Construction Research Program is funded at the same level as 2024 targeting custom builders with an expectation of broadening participation and geographic diversity of data. The Propane Farm Research Program has increased its funding by \$50,000 in 2025 and will be offering added research opportunities targeting diesel displacement and prime power generation. The National Builder Propane Research Program will target the larger community developers to gather the environmental, economic and application data for propane applications within community residential developments of 100 or more homes. This program has increased funding in 2025 of \$50,000 to expand the reach of the program and engage with the national builder community. Finally, in 2025 the CHP demonstration program will support research efforts with data and case study research for CHP applications between on up to 15 CHP installations targeting 4.4kW to 25kW applications. The CHP demonstration program is funded for \$400,000 in 2025. The Incentivized Research projects support a portfolio of research initiatives important to the current base of propane users and to gather new information for emissions, environmental, economic and efficiency data.

The budget plan for 2025 focuses program activities and resources in support of the strategic plan pillars, opportunities and metrics. The resource allocation provides added emphasis on safety and training, product development and continuing technical research efforts that support commercialization trends while continuing to communicate the important messages around the environmental, economic and efficiency benefits of Propane to both consumer and business application decision makers.

DETAILED LINE-ITEM BUDGET

The Detailed Line-Item Budget Report is provided in Appendix II. Budget Reports on page 16. This perspective of the budget breaks down the material individual line items of the Proposed 2025 Budget and provides comparison to the 2024 year-end forecast as of May 31, 2024 and the December 31, 2023 audited results.

Proposed 2025 Revenue Budget

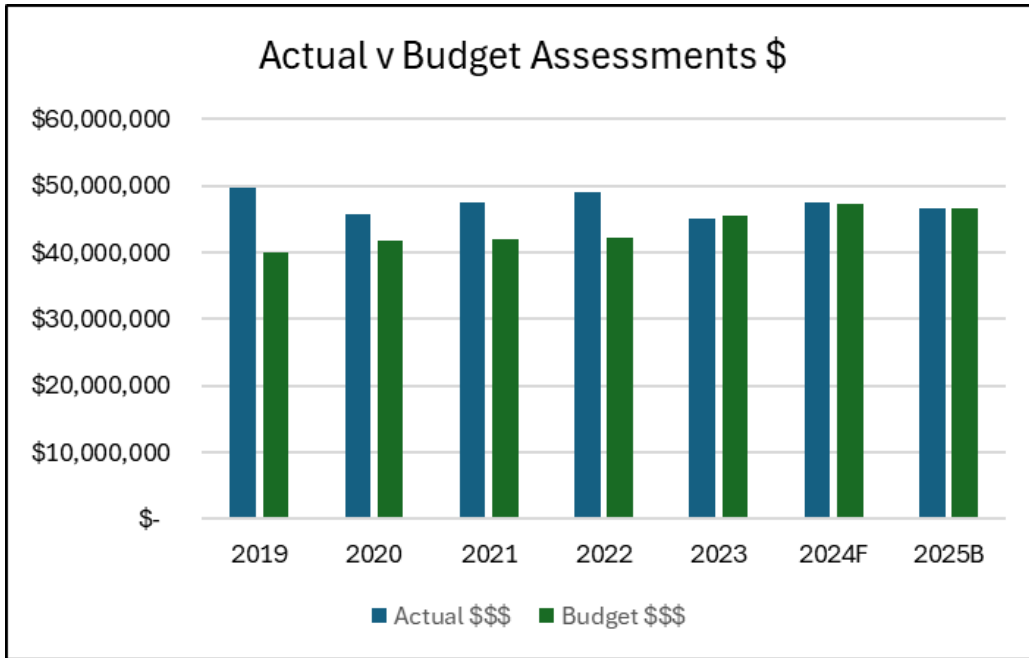
The 2025 Proposed Budget estimates total revenues of \$39,897,268, sourced from net assessment revenue \$37,280,000 (gross assessments, less 20% allocation to fund State Rebate Programs in accordance with PERA), and \$2,617,268 in other revenues which are primarily sourced from investment income and program support services provided to state PERC foundations. The budgeted revenues are detailed in the following schedule:

	<u>2023 Audited</u>	<u>2024 Forecast</u>	<u>2025 Budget</u>	<u>2024F V. 2025B \$Variance</u>	<u>%Variance</u>
REVENUES					
Assessment revenue	\$ 44,975,302	\$ 47,432,100	\$ 46,600,000	\$ (832,100)	-1.8%
State rebate	(8,995,061)	(9,486,421)	(9,320,000)	166,421	-1.8%
Net Assessment Revenue	\$ 35,980,242	\$ 37,945,679	\$ 37,280,000	\$ (665,679)	-1.8%
Investment income, net	\$ 2,414,106	\$ 1,861,908	\$ 1,583,000	\$ (278,908)	-15.0%
Strategic state partnerships	946,446	706,267	1,000,000	293,733	41.6%
Fulfillment, net	(363,746)	(235,581)	(212,912)	22,669	-9.6%
Other revenue	296,930	280,346	247,180	(33,166)	-11.8%
TOTAL REVENUES	\$ 39,273,977	\$ 40,558,619	\$ 39,897,268	\$ (661,351)	-1.6%

Gross Assessments in the 2025 Proposed Budget are \$46.6 million and assume 9.3 billion gallons of odorized propane in the upcoming year. This estimate is a conservative estimate looking over the trailing 5 years of assessments and the current trend in 2024. The following patterns are evident from the trailing 5 years of history:

- The 2025 Approved Budget is less than the actual collections in three of the last five completed years with 2020 and 2023 falling short of 9.3 billion gallons of odorized propane production.
- The minimum assessment over the past completed five years was \$45.0 million in 2023 with 9.0 billion gallons of odorized propane. The maximum assessment over the same time period was \$49.6 million in 2019 with 9.9 billion gallons of odorized propane production. The forecast for 2024 has PERC on track for \$47.4 million in assessment revenue with 9.5 billion gallons of odorized propane production. The proposed assessment budget for 2025 is approximately 2% below the trailing 5-year average and approximately 6% below the maximum assessment over the past 5 completed years.
- In 2023, PERC implemented a new estimation methodology designed to more accurately plan, predict and monitor odorized propane assessments. The actual assessment received in 2023 was within 1.2% of the budgeted amount and in 2024 our current assessment receipts show an actual within 0.5% of budget. These variances compare to previous historical variances ranging

between 9% and 24% annually over the previous 5 years with an average variance of 16.1%. We continue to be diligent about monitoring our assessment collections, but it does appear that the updated methodology is providing a more accurate prediction of receipts. The following graph demonstrates PERC’s actual assessment collections compared to its budgeted or planned assessment collections:



Therefore, based on the foregoing analysis and trends, a gross assessment budget of \$46.6 million and 9.3 billion gallons for 2025 is consistent with recent trends, conservative in its estimation methodology and represents our best estimate of what we can plan to collect during 2025.

The State Rebates are 20% of the gross assessment and are set aside for funding requests from the state and regional PERC foundations.

Investment income is budgeted at \$1.58 million for the 2025 Proposed Budget. This income stream represents the interest income the Organization receives from investments of its reserves in cash, U.S. Government Securities and FDIC insured certificates of deposit. The decrease in investment income for the 2025 budget reflects expected cuts in interest rates and lower balances invested.

Sublease income represents the amount that the Organization receives from the National Propane Gas Association under an arm’s length transaction for the sublease of a portion of PERC’s office space located in Washington, D.C. This sublease expires in August 2025 and accordingly the 2025 budget only accounts for 8 months of the sublease income.

The Fulfillment, net, income line represents the net earnings from the fulfillment operation which sells training references, marketing materials and other products primarily to propane industry members. This

has been presented in the 2025 Proposed Budget at (\$212,912) showing a marginal decrease in the loss due to the planned digitization of certain products and reduction of their production costs.

Other revenue represents miscellaneous services and income primarily derived from in-kind services received by PERC, but also includes services we provide to the state and regional PERC foundations. The 2025 Proposed Budget estimates this at \$107,180 for the services currently contracted and expected in-kind services.

Proposed 2025 General & Administrative Expense Budget

The 2025 Proposed Budget includes \$2,309,732 for general and administrative expenses. These expenses are subject to a 10% cap in accordance with PERA, and the current budgeted expenses are in compliance, comprising approximately 5% of gross assessment revenue. The general and administrative expense budget proposed for 2025 is as follows:

G&A Expenses					
Salaries & payroll taxes	\$ 1,106,305	\$ 1,137,313	\$ 1,146,759	\$ 9,446	0.8%
Benefits	146,855	182,648	156,567	(26,081)	-14.3%
Other G&A expenses	878,210	1,028,589	1,006,406	(22,183)	-2.2%
Total G&A Expense	\$ 2,131,371	\$ 2,348,550	\$ 2,309,732	\$ (38,818)	-1.7%

The decrease in general and administrative expenses for the 2025 proposed budget is driven by several factors including a change in the eligible individuals covered by PERC's benefit plans and allocation of position costs, the termination of the office lease in Washington, DC in August 2025, and streamlining of certain administrative support and information technology costs.

Proposed 2025 Program Expense Budget

The 2025 Proposed Program Expense Budget includes \$6,407,511 for personnel salaries, payroll taxes, and benefits related to supporting PERC’s program activities. These costs have increased due to several vacant program positions being filled and a shift in allocations toward the program activities, reflecting the increased active headcount supporting program activities in 2024 and the 2025 Proposed Budget.

The full program expense line item 2025 Proposed Budget is presented below and compared to the 2024 forecast and 2023 audited results:

	2023 Audited	2024 Forecast	2025 Budget	2024F V. 2025B \$Variance	%Variance
Program Expenses					
Personnel Program Expenses					
Salaries & payroll taxes	\$ 4,937,297	\$ 5,069,865	\$ 5,459,242	\$ 389,377	7.7%
Benefits	675,773	816,169	948,269	132,100	16.2%
Total Program Salaries & Benefits	\$ 5,613,069	\$ 5,886,034	\$ 6,407,511	\$ 521,477	8.9%
Direct Program Expenses					
Cross Market	\$ 14,118,281	\$ 16,445,348	\$ 11,600,517	\$ (4,844,831)	-29.5%
Off road	1,261,920	1,121,184	1,704,764	583,580	52.1%
Agriculture	2,490,599	1,543,423	2,489,093	945,670	61.3%
Propane Industry	3,695,848	3,089,983	3,393,310	303,327	9.8%
On Road	2,263,552	2,117,829	2,691,458	573,629	27.1%
Residential	9,310,125	10,073,249	11,709,749	1,636,500	16.2%
Commercial	1,134,680	1,498,324	1,952,880	454,556	30.3%
Material handling	1,014,667	923,100	913,361	(9,739)	-1.1%
Total Direct Program Expenses	\$ 35,289,671	\$ 36,812,440	\$ 36,455,131	\$ (357,309)	-1.0%
Total Program Expenses	\$ 40,902,740	\$ 42,698,474	\$ 42,862,642	\$ 164,168	0.4%

The direct program expenses are discussed and analyzed in detail in the Propane Market and Activity Budget Impact section on page 5 of this document.

2025 Proposed Budget Change in Net Assets

The planned expenses in the 2025 Proposed Budget of \$45.2 million are expected to exceed the net revenues of \$39.9 million, resulting in a decrease in net assets of \$5.3 million, which will be funded from PERC’s existing reserves in 2025. This reduction in general and undesignated cash reserves will not reduce the Council-designated reserve fund or adversely impact the organization's solvency.

APPENDIX I. PROGRAM AND ACTIVITY DESCRIPTIONS

Propane Education and Research Council (PERC) Programs

PERA requires PERC to "*develop programs and projects and enter into contracts or agreements for implementing this Act, including programs to enhance consumer and employee safety and training, to provide for research and development of clean and efficient propane utilization equipment, to inform and educate the public about safety and other issues associated with the use of propane...*".

The projects and initiatives described in the following sections are based on a recommendation from PERC's Budget and Finance Committee in collaboration with PERC's Executive Committee, the staff, and other sources.

Other requirements under PERA included in the program budget initiatives are as follows:

- Not less than 5 percent of the funds collected through assessments pursuant to the Act will be used for programs and projects intended to benefit the agriculture industry in the United States. The Council will coordinate its activities in this regard with agriculture industry trade associations and other organizations representing the agriculture industry.
- The percentage of funds collected through assessments pursuant to this Act to be used for projects relating to the use of propane as an over-the-road motor fuel shall not exceed the percentage of the total market for odorized propane that is used as a motor vehicle fuel, based on the historical average of such use over the previous 3-year period.
- The Council shall coordinate its activities with industry trade associations and others as appropriate to provide efficient delivery of services and to avoid unnecessary duplication of activities.

Agriculture Market Activities

The Council supports the agriculture market by advancing research and development efforts, consumer awareness, and the adoption of propane-fueled agricultural applications to increase the efficiency of farming operations and promote environmentally clean practices.

On Road Market Activities

The Council supports the on road or Autogas market through research and development projects, consumer awareness, business development initiatives to grow the application of propane-fueled vehicles, and a robust service network and refueling infrastructure necessary to provide a viable and environmentally clean alternative to other on road energy sources.

Residential Market Activities

The Council supports the safe operation of propane appliances and the development of new uses of propane in the residential market offering programs for homeowners, home-builders and residential professionals that provide consumer awareness, research and development and product development within the market.

Commercial Market Activities

The Council supports new users and uses of propane in the commercial sector by offering consumer awareness, and research and development programs for business owners and commercial construction professionals targeting the safe installation, operation and maintenance of propane appliances, including the deployment of new technologies in the market.

Material Handling/Industrial Market Activities

The Council supports research and development, consumer awareness and product development programs in the material handling market to develop and commercialize propane-fueled solutions for handling industrial materials, emissions treatments, and propane hybrid technologies. These technologies include power generation, terminal tractors, heavy-duty forklifts, container handlers, light-duty vehicles and refueling infrastructure.

Off-Road Market Activities

The Council supports research and development, consumer awareness and business development programs to foster the use of propane as a preferred energy for fixed engine applications other than agricultural engines.

Cross Market Activities

Cross Market activities support safety, training, consumer awareness and research and development programs that provide benefits to multiple market segments which benefit consumer and industry professionals.

Industry Market Activities

The Council engages with propane marketers and supporting professionals to collectively provide critical industry research, training, and workforce development to help the propane industry adjust to fast-changing competitive dynamics and capitalize on new opportunities to better serve propane consumers.

APPENDIX II. BUDGET REPORTS

Propane Education and Research Council, Inc.
 2025 Proposed Budget Summary Report

	2023	2024	2025	2024F V. 2025B	
	Audited	Forecast	Budget	\$Variance	%Variance
REVENUES					
Assessment revenue	\$ 44,975,302	\$ 47,432,100	\$ 46,600,000	\$ (832,100)	-1.8%
State rebate	(8,995,061)	(9,486,421)	(9,320,000)	166,421	-1.8%
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Fulfillment, net	(363,746)	(235,581)	(212,912)	22,669	-9.6%
Other revenue	296,930	280,346	247,180	(33,166)	-11.8%
TOTAL REVENUES	\$ 39,273,977	\$ 40,558,619	\$ 39,897,268	\$ (661,351)	-1.6%
EXPENSES					
General & administrative expenses	\$ 2,131,371	\$ 2,348,550	\$ 2,309,732	\$ (38,818)	-1.7%
Program expenses	\$ 40,902,740	\$ 42,698,474	\$ 42,862,642	\$ 164,168	0.4%
TOTAL EXPENSES	\$ 43,034,111	\$ 45,047,024	\$ 45,172,374	\$ 125,350	0.3%
CHANGE IN NET ASSETS	\$ (3,760,134)	\$ (4,488,405)	\$ (5,275,106)	\$ (786,701)	17.5%

Propane Education and Research Council, Inc.
2025 Proposed Budget Detail Report

	<u>2023</u> <u>Audited</u>	<u>2024</u> <u>Forecast</u>	<u>2025</u> <u>Budget</u>	<u>2024F V. 2025B</u> <u>\$Variance</u> <u>%Variance</u>	
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Assessment revenue	\$ 44,975,302	\$ 47,432,100	\$ 46,600,000	\$ (832,100)	-1.8%
State rebate	(8,995,061)	(9,486,421)	(9,320,000)	166,421	-1.8%
Net Assessment Revenue	\$ 35,980,242	\$ 37,945,679	\$ 37,280,000	\$ (665,679)	-1.8%
Investment income, net	\$ 2,414,106	\$ 1,861,908	\$ 1,583,000	\$ (278,908)	-15.0%
Strategic state partnerships	946,446	706,267	1,000,000	293,733	41.6%
Sublease Income	213,275	201,491	140,000	(61,491)	-30.5%
Fulfillment, net	(363,746)	(235,581)	(212,912)	22,669	-9.6%
Event registration revenue	21,317	6,305	6,500	195	3.1%
Other revenue	62,337	72,550	100,680	28,130	38.8%
TOTAL REVENUES	\$ 39,273,977	\$ 40,558,619	\$ 39,897,268	\$ (661,351)	-1.6%
EXPENSES					
G&A Expenses					
Salaries & payroll taxes	\$ 1,106,305	\$ 1,137,313	\$ 1,146,759	\$ 9,446	0.8%
Benefits	146,855	182,648	156,567	(26,081)	-14.3%
Accounting & bank fees	497,155	531,160	540,525	9,365	1.8%
Computer maintenance & services	39,997	49,129	22,756	(26,373)	-53.7%
Equipment maintenance	9,889	12,529	935	(11,594)	-92.5%
Insurance	25,167	28,774	29,070	296	1.0%
Rent expense	91,872	118,369	84,874	(33,495)	-28.3%
Legal fees	106,020	175,000	175,000	-	0.0%
Taxes & licenses	1,990	2,960	4,704	1,744	58.9%
Office expenses	1,402	2,996	2,733	(263)	-8.8%
Data & communication services	8,819	9,643	27,215	17,572	182.2%
Travel & meetings	48,999	44,769	49,827	5,058	11.3%
Depreciation & Amortization	4,335	5,321	6,210	889	16.7%
Professional Dues & Training	3,525	6,413	6,759	346	5.4%
Other Expenses	4,086	9,654	11,400	1,746	18.1%
Subscriptions & reference materials	1,674	-	-	-	0.0%
Printing & promotions	1,667	729	663	(66)	-9.1%
Postage & shipping	536	1,593	1,800	207	13.0%
Professional services	31,076	29,550	41,936	12,386	41.9%
Total G&A Expense	\$ 2,131,371	\$ 2,348,550	\$ 2,309,732	\$ (38,818)	-1.7%
Program Expenses					
Personnel Program Expenses					
Salaries & payroll taxes	\$ 4,937,297	\$ 5,069,865	\$ 5,459,242	\$ 389,377	7.7%
Benefits	675,773	816,169	948,269	132,100	16.2%
Total Program Salaries & Benefits	\$ 5,613,069	\$ 5,886,034	\$ 6,407,511	\$ 521,477	8.9%
Direct Program Expenses					
Cross Market	\$ 14,118,281	\$ 16,445,348	\$ 11,600,517	\$ (4,844,831)	-29.5%
Off road	1,261,920	1,121,184	1,704,764	583,580	52.1%
Agriculture	2,490,599	1,543,423	2,489,093	945,670	61.3%
Propane Industry	3,695,848	3,089,983	3,393,310	303,327	9.8%
On Road	2,263,552	2,117,829	2,691,458	573,629	27.1%
Residential	9,310,125	10,073,249	11,709,749	1,636,500	16.2%
Commercial	1,134,680	1,498,324	1,952,880	454,556	30.3%
Material handling	1,014,667	923,100	913,361	(9,739)	-1.1%
Total Direct Program Expenses	\$ 35,289,671	\$ 36,812,440	\$ 36,455,131	\$ (357,309)	-1.0%
Total Program Expenses	\$ 40,902,740	\$ 42,698,474	\$ 42,862,642	\$ 164,168	0.4%
TOTAL EXPENSES	\$ 43,034,111	\$ 45,047,024	\$ 45,172,374	\$ 125,350	0.3%
CHANGE IN NET ASSETS	\$ (3,760,134)	\$ (4,488,405)	\$ (5,275,106)	\$ (786,701)	17.5%

Propane Education and Research Council, Inc.
2025 Proposed Budget - Program Activity Budget

FY25 Draft Budget Matrix	Incentivized Research	Product Development	Business Development	Technical Research	Communications - Business	Communications - Consumer	Digital Strategy & Analytics	Thought Leadership	Industry Supporting Activities	Market Research	Environmental Campaign With States	Safety & Technical Training	General & Admin / IT Allocations	Market Total
Agriculture	250,000	1,074,333	277,420	65,000	700,000	-	-	-	-	-	-	-	122,339	2,489,093
On Road	-	533,333	810,785	-	985,000	-	-	-	-	-	-	240,000	122,339	2,691,458
Residential	2,657,500	180,000	437,250	-	980,000	7,200,000	-	-	-	-	-	130,000	124,999	11,709,749
Commercial	400,000	10,000	456,540	89,000	760,000	-	-	-	-	-	-	115,000	122,339	1,952,880
Material Handling/Industrial	-	-	346,851	-	508,000	-	-	-	-	-	-	-	58,510	913,361
Off Road	-	584,333	361,920	-	700,000	-	-	-	-	-	-	-	58,510	1,704,764
Cross Market	-	-	-	1,266,940	49,200	1,025,000	452,400	1,325,000	-	381,900	-	5,999,021	1,101,055	11,600,517
Industry	-	-	-	-	50,000	-	-	-	2,533,100	390,000	-	-	420,210	3,393,310
Activity Total	3,307,500	2,382,000	2,690,766	1,420,940	4,732,200	8,225,000	452,400	1,325,000	2,533,100	771,900	-	6,484,021	2,130,303	36,455,131

FY24 Draft Budget Matrix	Incentivized Research	Product Development	Business Development	Technical Research	Communications - Business	Communications - Consumer	Digital Strategy & Analytics	Thought Leadership	Industry Supporting Activities	Market Research	Environmental Campaign With States	Safety & Technical Training	General & Admin / IT Allocations	Market Total
Agriculture	200,000	309,000	230,095	50,000	700,000	-	-	-	-	-	-	-	104,707	1,593,802
On Road	-	30,000	776,700	-	985,000	-	-	-	-	-	-	240,000	116,130	2,147,830
Residential	3,000,000	310,000	415,500	25,000	980,000	5,200,000	-	-	-	-	-	130,000	286,749	10,347,249
Commercial	-	135,000	345,380	50,000	760,000	-	-	-	-	-	-	115,000	102,944	1,508,324
Material Handling/Industrial	-	38,000	333,500	-	508,000	-	-	-	-	-	-	-	53,600	933,100
Off Road	-	60,000	313,500	-	700,000	-	-	-	-	-	-	-	57,684	1,131,184
Cross Market	-	-	337,500	1,796,000	-	1,225,000	680,000	1,325,000	-	346,700	6,410,000	5,119,000	1,019,986	18,259,186
Industry	-	-	-	-	50,000	-	-	-	2,431,100	298,400	-	-	310,483	3,089,983
Activity Total	3,200,000	882,000	2,752,175	1,921,000	4,683,000	6,425,000	680,000	1,325,000	2,431,100	645,100	6,410,000	5,604,000	2,052,282	39,010,657

FY25 Budget v FY24 Budget Variances	Incentivized Research	Product Development	Business Development	Technical Research	Communications - Business	Communications - Consumer	Digital Strategy & Analytics	Thought Leadership	Industry Supporting Activities	Market Research	Environmental Campaign With States	Safety & Technical Training	General & Admin / IT Allocations	Market Total
Agriculture	50,000	765,333	47,325	15,000	-	-	-	-	-	-	-	-	17,633	895,291
On Road	-	503,333	34,085	-	-	-	-	-	-	-	-	-	6,210	543,628
Residential	(342,500)	(130,000)	21,750	(25,000)	-	2,000,000	-	-	-	-	-	-	(161,750)	1,362,500
Commercial	400,000	(125,000)	111,160	39,000	-	-	-	-	-	-	-	-	19,395	444,555
Material Handling/Industrial	-	(38,000)	13,351	-	-	-	-	-	-	-	-	-	4,911	(19,738)
Off Road	-	524,333	48,420	-	-	-	-	-	-	-	-	-	826	573,580
Cross Market	-	-	(337,500)	(529,060)	49,200	(200,000)	(227,600)	-	-	35,200	(6,410,000)	880,021	81,069	(6,658,669)
Industry	-	-	-	-	-	-	-	-	102,000	91,600	-	-	109,727	303,327
Activity Total	107,500	1,500,000	(61,409)	(500,060)	49,200	1,800,000	(227,600)	-	102,000	126,800	(6,410,000)	880,021	78,021	(2,555,526)