

# **ACSP FINANCES**

## **REPORT OF THE STRATEGIC ISSUES TASK FORCE SUB COMMITTEE ON BUDGETING, REVENUES AND STAFFING**

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We need to know: (1) How much of what we thought we would collect or spend for the year have we collected or spent so far? (2) What do we now think we will really collect or spend for the whole fiscal year? and therefore (3) Will particular new spending requests fit within a balanced budget or do they require using some of the surplus or raising revenues? One format for implementing these proposals is illustrated in the appendix.

Major policy decisions for the organization are made through the budget process; if we were to function in a fashion analogous to the public sector, the executive branch (officers) would have the responsibility of developing and presenting a budget to the legislature (the board). In fact, the ACSP constitution, section VII. C. 1., duties of the President, includes the following: “e. Prepares an annual budget for approval of the Executive Committee.” Furthermore, the duties of the secretary-treasurer include: “e. Collects dues, keeps financial account, deposits funds.” and “f. Approves expenditures, makes disbursements.” Longstanding ACSP practice has been that these responsibilities of the secretary-treasurer are actually carried out by the bursar, except that the President approves expenditures.

It is our recommendation that in the future the President of ACSP, working with the secretary-treasurer and the bursar, actually present an annual budget for the organization. The president could, of course, delegate to the secretary-treasurer the responsibility of coordinating this process, while most of the work of developing the budget figures would in fact be done by the bursar, as always. The President and secretary-treasurer should be responsible for presenting an annual budget and monitoring the budget throughout the year, responsibilities distinct from

*Resolution #1: Budget Process*

*Prior to the spring meeting of the executive committee each year, committee members will receive a proposed budget/or the coming fiscal year beginning July 1. The budget will include forecasts of revenues and expenses for all regularly recurring ACSP activities, funds previously committed for the coming year, and could include proposals for new spending. The board will adopt a budget for the coming fiscal year at the spring meeting, and may revise the budget during the fiscal year at the fall and spring meetings. The board will also receive budget updates prior to the fall and spring meetings showing amounts budgeted for each category for the current fiscal year, spending to date, and projected spending/or the year. Prior to the/all meeting they will receive a final budget report for the previous fiscal year.*

*Resolution #2: Budget Responsibility*

*The executive committee reiterates the constitutional responsibility of the president to present a proposed budget to the executive committee each year.*

Expenditures: Costs of production and distribution.

Balance: sufficient to cover the expenses associated with one cycle of producing the guides, and one printing of the student recruitment brochures.

Surplus/deficit: A modest surplus generated by the Graduate Guide is consistent with the fiscal policy adopted in October of 1989, which specified that the guides should be self-supporting, at a minimum, and that “a few thousand dollars should be left over from any edition of the Graduate Guide as seed money for the next edition.” On the other hand, ACSP subsidized production of the last edition of the brochures in the amount of about \$6,400. If a new edition of the brochures were produced about every five years, and the graduate guides were revised every two years, then the surpluses from the guides should cover the deficits from the brochures and produce an average annual surplus of about \$1,000, which could be transferred to the General Fund as the Board sees fit.

## Conference Fund

Revenues: Annual Conference fees, book exhibit income

Expenditures: Annual Conference expenses

Balance: Sufficient to support an advance to conference organizers for conference expenses prior to receipt of registration fees, and an additional amount for contingencies, perhaps to cover a deficit should a conference fail to break even. If the conference fund reserve falls below the prescribed level, the executive committee can act to replenish it from other revenue sources. If it rises above the prescribed level they can act to expend it in an appropriate manner.

Surplus/deficit: The current policy, as stated in the Fiscal Policy adopted in 1989, is that the annual “conference is to be organized and run on a break-even basis, or projecting a modest surplus of revenue to accrue to ACSP as a buffer against uncertainty.” We concur with this policy; the objectives of the organization are best served by attracting to the conference the largest portion of our constituency possible, especially those least able to pay. If we budget to make money on the conference, we must ask the conference organizers to add to the conference fee an amount sufficient to yield that net revenue. Twenty dollars per registrant, for example, would yield over \$8,000 given recent attendance. This amounts to a significant tax, to be reallocated to other purposes, on those who go to the conference. An alternative interpretation might be that it covers unattributable association costs related to the conference; if so this should be argued explicitly.

## Journal Fund

Revenues: Subscriptions, advertising, and a designated portion of dues.

Expenditures: Journal production and distribution

Balance: Sufficient to cover operating expenses for a portion of the year; a balance equal to about a third of annual expenditures is probably adequate.

## Prioritization

It is difficult to imagine the present board adopting a scheme for prioritizing funding requests that would not effectively preempt policy making by future boards and that would anticipate all of the kinds of funding requests that will be received in the future. Priorities, as a practical matter, will be established in the process of making budget allocations at each meeting.

## Guidelines for Allowable Expenses

The board could choose to adopt guidelines for requests for the support of committee activities. A precedent appears to have been set that a committee can expect financial support for travel and lodging for the committee to meet at least once between board meetings. This has been a large component of expenditure for committee support recently. The other major item has been the support of graduate research assistants. The board may wish to adopt a policy regarding these two major items of funding. It could choose, for example, not to support committee meetings at all, so that they could feasibly be held only in conjunction with a conference and then only with the attendance of those who can afford to go to the conference or whose university pays for the trip. Incidental expenses such as postage, telephone, or copying rarely amount to much and are often subsidized by the member schools (but probably need not be). A policy could also be adopted, however, regarding the production and distribution of final reports (summaries in Update, full reports to the board and available to anyone else on request?).

### *Resolution #5: Funding Requests*

*It is the policy of the executive committee that all those requesting funding submit a request in advance of the board meeting so that it can be distributed in a board packet prior to the meeting. The request should itemize and justify proposed expenditures, and should identify the time period (fiscal year) during which the expenses will be incurred.*

### *Resolution #6: Committee Expenses*

*It is the policy of ACSP that, as a general rule, committees established by the officers or the board can/cannot expect financial support for travel and lodging for the committee to meet, and/or the support of graduate research assistants. ACSP will generally finance the publication of committee report summaries in Update and the printing and distribution of full reports to executive committee members.*

- Maintain mailing lists for Journal, Update, and other purposes.<sup>1</sup>
- Contract for printing of student recruitment brochures, and handle distribution.

### **Pros and Cons of a Permanent Staff Position**

This subcommittee does not recommend the establishment of a permanent paid executive director for ACSP. The cost of maintaining an office of the executive director, and paying an executive director and secretary, could easily exceed \$100,000 per year. Furthermore, a standalone office of executive director creates an office which is permanent, while the ACSP officers and board come and go. While this has obvious advantages, it has the potential to create a power center that could overshadow the authority of the elected officers and board.

There may be merit, however, to creating a part-time administrative assistant position. This, however, raises questions of supervision and location. For a part-time position it is difficult to justify maintenance of a stand-alone office; sharing of office space or even sharing of a position makes economic sense, but who would we

<sup>1</sup>This task is performed by staff at Illinois under Lew Hopkins on an approximately self-supporting basis. There is a standing commitment from ACSP to provide \$1,100 per year for staff support, with the idea that the sale of labels will cover as much as possible of the costs. In practice, revenues have about covered costs or produced a surplus for ACSP.

share with? The separation of the PAB staff from APA offices, after all, has generally been viewed positively by ACSP members. If an administrative assistant were attached to the President, then the line of supervision would be clear; however, permanency is lost as the position would move every two years. If the position were created in a permanent location, where should it be, who would supervise the person, and how? The hiring of even a part-time staff person would make a sizeable dent in ACSP's budget. This would clearly require a substantial increase in dues revenue.

The following resolution is intended to facilitate discussion by the board and does not represent a recommendation of this subcommittee.

*Resolution #7: Staff Support*

*ACSP will continue to provide financial support/or clerical staff/or the president's office. The editing of Update, coordination of the production of the graduate and undergraduate guides, and the design and editing of brochures will continue to be done by member/acuity on a volunteer basis. Committees may be granted funds for staff support on an ad hoc basis. Maintenance of an ACSP database and management of ACSP mailing lists will be performed by an individual or individuals at a member school, to be paid a salary from ACSP funds, and to be selected by the executive committee on the basis of proposals submitted in response to an RFP.*

- Corresponding. Open to all non-U.S. schools, departments, programs, curricula, and other academic units that grant degrees in community, city, urban or regional planning or which display a clear interest in planning, and which simultaneously support a national planning education organization in their own country.
- Individual. Open to persons not affiliated with member schools who wish to participate in ACSP's activities.

#### Dues Structure

Individual dues seem high relative to other categories under the present structure. For example, a planning program outside the U.S. could become a corresponding member and receive Update and the Journal (mailed at international postage rates) for, say, five faculty for \$50 plus 4 x \$10 = \$90 (the program gets one journal subscription with school dues). Five individual members in the U.S. receiving essentially the same benefits (and at lower cost to ACSP) would pay a total of 5 x

\$30 = \$150. While it is difficult to place a value on benefits to schools, or to define the cost of supplying them services, it is fairly clear that the Journal and Update, which together cost ACSP around \$30,000 per year from dues, provide benefits primarily to individuals rather than programs, and that individual members are paying close to average cost for these services while individual faculty of member schools are not. Small schools are providing a subsidy for Journal subscriptions to faculty of large schools.

School dues were last raised in 1977-78; individual dues were established in 1985. If school dues had kept pace with inflation over the past fourteen years, dues for 1991-92 would be a little more than double the current rates. This subcommittee recommends that individual member dues remain at \$30, and that school dues be increased and restructured. The optional charge of \$10 per faculty member paid by member schools for each faculty member who is to receive a subscription to the Journal should be replaced with a sliding fee schedule. A base rate would be charged to each member school, and an additional rate would be charged for each faculty member in that school who is 50% time or more in planning. We have proposed leaving base rates unchanged but raising the per-faculty fee to \$25. This is still less than the average cost of the Journal and Update. We would, in addition, like to raise the question of whether or not the base dues for corresponding and affiliate members are appropriate; since these two membership categories receive the same benefits, should they not be charged the same dues?

For member schools, additional subscriptions to the Journal and Update could be purchased, at the school's option, for faculty who were less than 50% time in planning. The per faculty charge of \$25 should probably be left optional for all faculty at corresponding and affiliate member schools. If this were done, a proviso could be added that Update, as well as the Journal, would be sent only to those faculty at these schools for whom the fee is paid.

There are about 700 faculty who are 50% time or more in planning in one of the 88 member schools; there are about 1,400 faculty on the Update mailing list, which includes faculty with smaller fractional appointments, adjunct and part time faculty, and all faculty at affiliate

*Resolution #8: Dues*

*The schedule of dues beginning with 1991-92 or 1992-93 should be as follows:*

<i>Member school:</i>	<i>\$200 per school plus \$25 per faculty member 50% time or more in planning (mandatory)</i>
<i>Affiliate school:</i>	<i>\$100 per school</i>
<i>Corresponding school:</i>	<i>\$50 per school</i>
<i>Affiliate and corresponding schools:</i>	<i>\$25 per subscription to Journal and Update (optional)</i>
<i>Individual dues:</i>	<i>\$30</i>

Membership and Voting

While there seems to be widespread agreement that ACSP has already evolved, in part, into an organization that has been described as an “arena of faculty interests,” it also remains an organization, where the schools as schools are major stakeholders. Accreditation, in particular, is a school-based issue. The Strategic Issues Committee raised the question of whether it is possible to design a membership structure that reflects the duality of the organization, i.e., that represents the interests of schools as schools and the interests of faculty as individuals. The issue of who votes is closely intertwined with the issue of who pays the bills; it is a fiscal as well as political issue.

For the purpose of facilitating discussion of this issue, we have identified three possible alternatives for restructuring ACSP membership. This subcommittee does not take a position regarding the desirability of any of these alternatives, which would have major implications for the organization.

- (1) Adopt the sliding dues schedule as proposed above, but grant individual member status to each faculty member on whose behalf the \$25 faculty member fee is paid. Individual faculty of member schools, as well as other individual members, would then have rights to hold office and vote. Voting rights could be split. Nominations and voting for regional representatives of the organization and for officers could be by all individual ACSP members via a mail ballot. Voting on certain specified issues, including accreditation issues, however, would be done by schools. Thus schools would pay dues and have voting rights related to the school-based issues facing ACSP, while individuals would pay dues and have voting rights for other issues.

## REVENUE ENHANCEMENTS AND EXPENDITURE CUTS

We have identified the following possible sources of additional revenue for ACSP, in addition to dues increases:

- **Increase number of individual members.** Assuming that individual membership dues are above the marginal cost of sending them the Journal and Update, then recruiting additional individual members would bring in net revenue to the organization. For example, suppose that an effort were made to market ACSP to APA's 27,000 members; if only 2% decided to join that would mean 540 additional individual members and about \$16,000 in additional revenues.
- **Increase number of Journal subscriptions or subscription prices.** See report of the Journal subcommittee.
- **Make more money on conferences.** The board could change the current policy, which looks favorably on "modest surpluses" but expects only break-even performance, to a policy that conferences are expected to be money makers and that registration fees should be raised accordingly.

The board may also wish to consider cost cutting measures. Some possibilities are identified below; however, this subcommittee is not making a recommendation for any of these measures.

- **Cut Update from four to three issues per year.** The total volume of material included in Update over a year would be no less, but we would save some production costs and mailing costs, perhaps \$400. There would be problems in ensuring timeliness of information such as calls for nominations, job ads, and election statements.
- **Reduce JPER from three to two issues per year.** If the two issues were similar in size to the current issues, there could be a cost savings of as much as \$8,000.
- **Freeze further spending on committees.** The board could freeze spending already authorized for existing committees, but not yet spent, and defer proposals for new spending.