

To: SSSP Board of Directors  
From: Judith Levy, Chair, BFA  
Date: August 14, 2003  
Subject: Budget, Finance and Audit Committee Report

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The Budget, Finance and Audit Committee met during the 2002 annual meeting in Chicago and again May 30<sup>th</sup>, 2003 in Knoxville, TN.

In reviewing the year's budget, the Committee discussed a proposal advanced by Jim Holstein to collapse budget lines 5235 (salaries for managing editor and editorial assistant) with 5236 (benefits for managing editor and editorial assistant) for 2004. After some discussion, the Committee voted to do so in 2004. The board also discussed and approved a recommendation to the board that Jim Holstein be awarded a stipend of \$7500 for 2004.

In response to a request first raised by the Board of Directors at the annual meeting in Anaheim in 2001 to explore ways to reduce annual meeting expenses, the Committee revisited an earlier discussion that consider alternatives to the preliminary program as one means to reduce annual expenditures. After much discussion, the Committee concluded that the preliminary program in its current format provides an easy to access and more compelling instrument for encouraging participation and attendance than relying on electronic distribution.

The Committee discussed that Susan Carlson's 3-year term (1999-2002) as Investment Advisor officially ended at the annual meeting. In recognizing the excellent job that Susan has done, the Committee recommended to the Board that Susan be asked to continue as Investment Advisor for an additional term. Susan subsequently accepted but also raised the question, "Do we really need an investment advisor on an on-going basis?" Susan noted that "The task of investing the Society's reserves in socially responsible investments has been completed. Monitoring these investments can easily be done by the Treasurer and BFA, and the report of investment performance could be incorporated with the Treasurer's report to the Board. The only part of the portfolio that is moved around is the community development portion. One of the BFA members could easily do the research necessary to come up with alternatives. There isn't much difference in interest rates between CDFI's, so the research would be mostly be related to the social/economic performance of the institutions. On a practical level, doing away with the Investment Advisor position would mean a savings of \$500-1,000 to the Society by reducing the number of people at the mid-year BFA meeting." Based on this compelling rationale, the Committee voted to recommend abolishing the position of Investment Advisor.

The Committee also discussed the contract bidding process for *Social Problems* and noted the final recommendation to continue with the University of California Press -- Journals Division. The Committee discussed the need to clarify a possible confusion in the contract concerning the actual years in which the contract would be in effect and to be sure that the period that it covers is for no more than 5 years. The excellence of the Blackwell bid also was noted for future reference.

The Committee reviewed Rebecca Simon's, Director of the Journal Division, University of California Press, recommendation to increase subscriptions for non-member and institutions for calendar year 2005 by \$5.00. The Committee discussed raising the rate by \$7.00. This increase seems nominal by the BFA Committee and would bring the subscription price to \$136. The Committee also observed that additional information was needed on the plans of the Press to market to consortia and to amplify the paragraph on page 2 of the marketing report.

Based on an in-depth discussion of how to ensure and increase journal income, Tom was requested to ask Rebecca Simon to provide details to the Budget, Finance, and Audit Committee at the annual meeting about the following items:

- a. How electronic subscriptions to journal might impact income to the Society.
- b. How persons electing to purchase only those articles located or viewed electronically that they find of interest to them might impact income to the Society.
- c. The cost of electronic distribution through Ingenta.
- d. Details about current and projected strategies for marketing *Social Problems* to consortia. Potential impacts of consortia purchasing on income to the Society.

Discussion of ad will occur at the August annual meeting.

Susan Carlson reported that the general decline in stock market was reflected in the decline in unrestricted net assets. The proposal was voted on and passed to redeem \$50,000 from Louisville for the time being and place the money in the Domini Money Market account. The Louisville money will be reinvested elsewhere in the future. Otherwise the Committee concluded that there was no need to change investments and that the best strategy for the present would be to stay the course.

The Committee met with the auditors to review the results of the audit. The audit found no real problems. The auditors reminded the Society of the importance of keeping to its segregation of duties in the processing of monies for SSSP. Principles for revising budget were reviewed.

It was determined that the web site should be viewed as a capital expense and depreciated over 36 months accordingly. A budget line will be added to permit this. Adding abstracts to web site should be investigated next.

Some discussion followed in terms of how to have access to ready cash when needed for operational costs. Also, the financial implications of uncashed checks was raised. A proposal was voted on and passed that when a check is not cashed for 12 months it will be voided and returned to original line in budget from which the funds were drawn. This line will be added in new printing of checks.

The Committee discussed the possible financial implications of Tom Hood's retirement for the Society. The Committee observed the importance of the Permanent Organization and Strategic Planning Committee discussing a series of items during its visit to UT: (a) reaffirming UT's commitment to the SSSP including designating an office somewhere when Tom relinquishes the one he currently occupies; (b) the possibility/advisability of turning Tom's summer stipend into a yearly stipend upon his retirement to permit him to continue in some formal paid capacity;

(c) possibly collapsing Michele's current job with Tom's (with the latter's continued participation at some level); (d) investigate/consider the best future use of the dollars that currently are set aside to release Tom from part of his university duties; (e) investigate/consider a way (including possibly using Tom's release dollars) to recruit and groom a faculty replacement for Tom when chooses to resign from formal administration of SSSP.

The Committee noted the need to send letter to the University of Tennessee thanking them for their support. It also endorsed the idea of continuing the relationship with UT.

The Committee recommended approval of the 2003 budget as revised with discussion of specific reductions. The committee adjusted budget categories: Anticipated revenue for the year 2003 will be \$437,195. Anticipated expenses will be \$456,952. The projected deficit is \$19,757.

The Committee considered the 2004 budget. Anticipated revenue for 2004 will be \$444,127. Anticipated expenses will be \$487,590. Project deficit: \$43,433.

The Committee voted that we follow tradition and elect Kim Cook, Chair of the BFA Committee for the coming year.