

MEMORANDUM

TO: SSSP Board of Directors
FROM: Susan M. Carlson, Treasurer
DATE: July 12, 2010
RE: Financial Condition of the Society for the Study of Social Problems

Section 8 of the SSSP Bylaws states that, "The Treasurer shall oversee the funds of the Society, subject to expenditures, at the instruction of the Board of Directors." Accordingly, it is customary for the Treasurer to provide an annual report to the Board of Directors which gives an overview of the financial condition of the Society, reviews the results of the annual audit, and offers comments concerning any issues which affect the future financial wellbeing of the Society.

Financial Condition of the Society

The Society continues to hold its own financially. As of December 31, 2009, the Society had total net assets of \$386,445, up from \$313,677 in December 2008. This increase was mostly due to a partial \$60,000 recovery in the value of the Society's investments from a \$143,000 paper loss due to the market crash in fall 2008. These assets represent about 65% percent of the annual operating budget, and provide a cushion to cover unanticipated expenses.

In 2009, the Budget, Finance, and Audit Committee (BFA) projected a \$33,413 deficit, yet in the end we squeaked out a \$12,439 increase in net assets (not counting \$60,329 paper gains on investments). The BFA is projecting budget deficits of \$26,842 and \$39,112 in 2010 and 2011, respectively. While the committee is hopeful that each year will be finished in the black, given the downward trend in the markets, drop in membership (see below), and 4-5% annual drops on average over the past several years in institutional journal subscriptions, it is very likely that our gloom and doom budget projections may be realized.

As you are aware, the Society has two primary sources of income that pay for day-to-day operations expenses—membership dues and proceeds from sale of journal subscriptions, subsidiary rights, etc. Both of these sources of revenue are inelastic. The membership must vote to approve any dues increase, which did occur in 2007. However, given that many of our colleagues around the nation are experiencing furloughs and/or layoffs, and graduate students are having difficulty finding jobs, it is unlikely that an appeal to raise membership dues again so soon would be approved. Moreover, if an increase were to be approved it might not have the positive impact on revenue desired as more members may decide to not renew their

memberships. As noted, membership numbers have decreased over the past several years. As of June 30, there were 1,384 dues-paying members down 162 members or about 10% from June 30, 2009. About 31% of those who had not renewed their memberships were students, but the rest are from higher dues categories, particularly those earning less than \$25,000 up to \$65,000. There was less attrition among higher earners. Membership tends to fluctuate with the popularity of the annual meeting site. For example, when SSSP met in New York in 2007, there were 1,772 members as of June 30. However, this year's figures are lower than when SSSP held its annual meeting in Atlanta when there were 1,418 members as of June 30. In short, the Society is expected to realize a drop in revenue in membership dues during the current year, and is unlikely to see increased revenue from this source in the near future.

Journal institutional subscriptions have been declining, as noted. Beginning in 2003, the Society has pursued a slightly more aggressive pricing strategy, increasing subscription rates by about 9% per year. However, our University of California representatives advise against double-digit increases as these are likely to trigger scrutiny and possible cancellation by university libraries that are experiencing budgetary problems of their own.

Thus, seeing large increases in revenue from our primary income sources is unlikely, at least in the near term. This coupled with projected deficits means that any increased expenses will have to be paid for from other sources, either new revenue streams or by liquidating long-term investments of the Society's reserve funds that the Board has restricted for such purposes as the minority scholarship. Accordingly, the Society will need to avoid increased expenses, cut expenses when possible, and seek out new sources of income.

Review of the Annual Audit

Lattimore Black Morgan & Cain conducted the annual audit of the Society's financial statements. Their representatives, Jim McCollum and Bill Kelso, reviewed the findings of the audit and discussed several issues with the members of the BFA Committee at its May meeting in Knoxville. The results of the audit were clean with no unusual findings. The auditors reported on one issue that they raise on an annual basis regarding segregation of duties related to cash receipt and disbursement processes. SSSP has only one full-time employee, the Administrative Officer, and currently she performs most of the financial duties for the Society. However they noted there have been improvements in segregation of duties due to increased involvement of the Administrative Assistant and Webmaster and the Executive Officer.

Assessment of the Administrative Office "Wish List"

Given the current financial condition of the Society, let me evaluate the items on the "wish list" from the Administrative Office that Executive Officer Héctor Delgado distributed to the Board via e-mail in June, and are also included in the Executive Officer's report. The list is composed

of ideas that the Administrative Office staff drafted when Héctor requested their feedback regarding how the Society could improve. I will begin with the items that I see as financially feasible and/or that have revenue-generating potential, then I will address those that could be made so with some tweaking, and finally those I feel must be put on the back burner, at least for now.

First, let me give my wholehearted support for eliminating paper ballots and reducing choices with respect to the newsletter and *Social Problems*. Not only will this save on the cost of printing, postage, and staff time, but it will also be the environmentally correct way to proceed.

Likewise reducing the number of “free” special problems divisions that come with the SSSP membership from three to one is an excellent idea, for all the reasons given. Most members I know (including me) tend to actively identify and participate in only one of our chosen divisions while belonging to the others in name only. This will reduce costs, make it easier to find hotels that want our business (through reduced meeting room requirements), and increase attendance at the reduced number of panels.

Third, I would like to lend my strong support for redesign of the website. This is a recommendation that came out of the Board/Permanent Organization and Strategic Planning Committee retreat held in New York in 2007. The website needs to be more interactive and engaging. It needs to present SSSP, not as an association of stodgy academics, but as a collective of scholars pursuing social justice via our social activism and research. The redesigned website will serve as the Society’s primary tool for recruiting new members, activating existing members, and providing opportunities for activist social networking. The makeover of the website will result in a onetime cost somewhere between \$7,000 and \$10,000, but I expect it to pay for itself in the long run via increasing and retaining members.

Given the current financial condition of the Society, I must strongly oppose adding additional permanent staff to the Administrative Office at the present time. Items 1 and 3 would increase staff in the Administrative Office by the equivalent of one full-time person. This would cost \$50,000 (based on Sharon’s current salary and fringe benefits), and increase the Society’s salary and benefits bill by nearly one-third. The only two ways that I see for covering such increased permanent operating costs are by additional new income streams or by raiding the Society’s reserve funds. The former will take time to develop, while the latter would jeopardize the Society’s ability to continue the minority scholarship or pay for expenses should the economy and revenues continue to deteriorate. With all this said, I fully understand and appreciate the fact that administrative office staff members, especially Michele, are overworked and in need of additional assistance. Accordingly, let me make two proposals.

First, I would like to propose that the webmaster position be handled like the journal and newsletter editors where the Editorial and Publications Committee or the Technology Committee acts to recruit and select a suitable candidate, subject to board approval. SSSP has many talented

members and I have no doubt there are those, particularly among our student and junior faculty colleagues, who have the requisite skill set to make our redesigned website a real success. Compensation, as with the editors of the journal and newsletter, would be a small budget for operating expenses and an honorarium.

Second, I would encourage Michele and her staff to re-evaluate the work of the whole and redistribute tasks among the existing positions, assuming a volunteer webmaster. I would also encourage consideration of what other tasks might be performed by volunteers. For example, back when the American Society of Criminology was more comparable in size to SSSP, the program chairs of the American Society of Criminology had complete responsibility for the content and layout of the program. Michele actually holds two distinct positions with the Society, Administrative Officer and Meeting Manager, for which she is compensated separately. The problem, as I see it, is that the Administrative Officer position has expanded in scope such that it is impossible for one person (even one as talented and capable as Michele) to do both jobs as they are currently defined. Tom recognized the overall workload was becoming too much for Michele to do alone, and he raised the issue of hiring a separate Meeting Manager when the POSPC did our site visit in 2008. However, Michele reported to the committee that she finds meeting management to be the best part of her job. So we must find another solution.

Finally, I think it is important for all members, including me, to not make “special requests” of Michele that take up an extraordinary amount of her time, and not to make her the “go to person” for every question and issue without first checking the website or in our e-mail for membership dues and annual meeting registration receipts. We should also be aware of the division of labor within the Administrative Office and contact the appropriate staff member for information. Michele’s high degree of professionalism probably makes it difficult for her to say no to members’ requests even when they are inappropriate or unreasonable, so it will have to fall on us to make fewer demands of her time and willingness to serve SSSP members. Perhaps the Executive Officer could address this issue in his column in the newsletter informing the membership of this issue and whom to contact in the Administrative Office for different purposes? A little more sensitivity could go a long way to protecting Michele and her valuable time here.

As to item 6, I fully support increasing the membership services noted, however, in the spirit of this being a voluntary association, I would encourage the Executive Officer to recruit and work with volunteers to provide these for members. The webcast items could be delegated to the webmaster, and a member could be recruited to arrange volunteer opportunities.