



Society for the Study
of Social Problems
In Pursuit of Social Justice

Presentation to SSSP Board of Directors
Budget, Finance, and Audit (BFA) Committee Report
August 14, 2020

On August 3, 2020, the BFA Committee met virtually to discuss the proposed budget for the Society for the 2021 fiscal year. The Society has seen the negative financial impact of the COVID-19 pandemic largely through the cancellation of the 2020 annual meeting in San Francisco and a decline in membership and membership dues revenue resulting in a projected budgeted net loss of \$ 231,984, discussed further below.

A number of issues discussed by the BFA Committee are pertinent to the Board. The BFA Committee discussed a need for a policy, to be drafted by the SSSP Administrative and Executive Officers, that specifies that as a nonprofit the Society will not pay indirect costs or overhead costs on any of its contracts, and have that policy brought to the Board for approval.

Next, a major topic of discussion was the structure of the registration fees for the in-person and virtual components of the 2021 annual meeting. SSSP Treasurer Dr. Susan Carlson and SSSP IT Specialist Rachel Cogburn gave a detailed presentation outlining different scenarios for fee structures and projected registrations. Some of those scenarios are outlined in the table below:

Sessions	Registered per Session	Total Registered Participants	Split Full/Reduced	Total Income	Cost	Difference
28	5.7	160	50/50	\$18,800	\$28,000	-\$9,200
60	5.7	342	50/50	\$40,185	\$35,000	\$5,185
28	5.7	160	25/75	\$14,200	\$28,000	-\$13,800
60	5.7	342	25/75	\$30,353	\$35,000	-\$4,648
28	5.7	160	0/100	\$9,600	\$28,000	-\$18,400
60	5.7	342	0/100	\$20,520	\$35,000	-\$14,480

Table 2a. Scenario - Hold In-person with Reduced Room Block 680**28 Session Virtual; 400 In-person and 160 Virtual; ~98 Total Sessions****Meeting Income**

Registration fees 50/50

In-person \$47,000

Virtual \$18,800

Total \$65,800

Meeting Expenses

Cost of virtual \$28,000

Food and beverage minimum \$35,000

F/B taxes, service/surcharges \$12,425

Hotel room attrition penalty \$64,120

Taxes, service/surcharges \$11,157

Meeting room rental \$4,000

Taxes, service/surcharges \$1,140

Total \$155,842

Income-Expenses -\$90,042

Table 2b. Scenario - Hold In-person with Reduced Room Block 680**60 Session Virtual; 400 In-person and 342 Virtual ~130 Total Sessions****Meeting Income**

Registration fees 50/50

In-person \$47,000

Virtual \$40,185

Total \$87,185

Meeting Expenses

Cost of virtual \$35,000

Food and beverage minimum \$35,000

F/B taxes, service/surcharges \$12,425

Hotel room attrition penalty \$64,120

Taxes, service/surcharges \$11,157

Meeting room rental \$4,000

Taxes, service/surcharges \$1,140

Total \$155,842

Income-Expenses -\$75,657

The BFA Committee approached this, as with all discussions, with a focus on the financial health and stability of the Society, but also considering accessibility and what is most beneficial to SSSP membership. In only one scenario, one where the split of registrants was 50 percent regular (\$175) and 50 percent student/unemployed/emertus (\$60), and there were 60 virtual sessions, did the annual meeting yield a modest surplus; all other scenarios came out in the red. Importantly, the BFA Committee makes the recommendation that virtual registration fees and in-person registration fees be the same, and that the number of virtual sessions be increased to 60. The budget submitted to the Board reflects this fee structure and number of virtual sessions. With nearly as many virtual sessions as in-person sessions, the value of the virtual registration to virtual attendees will be similar. In terms of financial accessibility, virtual conference participants will be saving money on travel, lodging, food, and other miscellaneous costs that the in-person conference attendees will incur. Further, many universities are prohibiting travel, or at least not financially supporting travel for their faculty and staff for the foreseeable future, so providing a more robust virtual option will help provide opportunities to keep those members engaged and potentially recover some of the lost membership revenue. The plan is that with 60 engaging virtual sessions we will provide value to justify the cost of registration equaling the in-person registration cost. On a related note, the BFA Committee recommends a policy change to limit the foreign scholar registration exemption to the in-person conference only, with no exemption for foreign scholars who choose to participate in the virtual conference.

The BFA Committee also discussed event cancellation insurance, determining there may be a need to reassess this annually. Executive Officer Dr. Héctor Delgado noted conversations he had with representatives at other organizations (ASA and SWS) to get more information. Event cancellation insurance would not cover pandemic-related cancellations. Based on the force majeure and performance clauses in the contracts, the BFA Committee believes that it is unnecessary to purchase event cancellation insurance for the 2021 annual meeting. Because the BFA Committee created the budget with the accounting principle of conservatism in mind, we included the contract termination penalty in the budgeted expenses in the amount of \$ 48,392. Obviously, the hope is not to incur this penalty, but the committee also recommends authorization of the SSSP Administrative Officer Michele Smith Koontz to renegotiate the contract with the host hotel for the 2021 Annual Meeting.

There was some collective discomfort among the BFA Committee in submitting a proposed budget with a loss this substantial to the Board, however, given the strong financial position of the Society (with over \$ 1,000,000 in reserves), the unprecedented circumstances of the global pandemic, and the fact this proposed budget is quite lean as a result of the BFA Committee's diligent efforts to reduce costs, we submit this budget to the Board. While the SSSP financial position remains strong, the BFA Committee recognizes that losses of this magnitude are not sustainable for the long-term solvency of the Society; thus, if our financial outlook does not improve significantly by the mid-year BFA Committee virtual meeting on May 21, 2021, the BFA Committee is prepared to recommend more difficult decisions and potentially painful cuts.

Respectfully submitted,

David J. Luke, Ph.D., CPA
Chair, Budget, Finance, and Audit Committee - Society for the Study of Social Problems
Interim Campus Diversity Officer and Director of the Intercultural Center
University of Michigan-Flint
Flint, MI
djlake@umich.edu