

From the CEO

Where Do All the Dollars Go?

By Barbara Baldwin, M.P.H.

As of this writing, the CSA annual dues cycle is winding down, and the society's membership has remained steady despite the unstable economy and the ASA's 2009 dues increase. Certainly, when members pay their dues, they might well wonder how those monies are spent by the society. So, in the interest of transparency, I'd like to use this issue's column to give the membership an overview of CSA's finances.



Sources of Revenue

Approximately two-thirds of CSA's annual revenue comes from member dues. The remaining third is a combination of revenue from interest and dividends on investments, registration fees from educational offerings, corporate grants, and other miscellaneous sources such as *Bulletin* advertising. The educational programs not only bring in revenue, but are in fact completely self-supporting because no monies from the society's general fund are used to support these programs. For the past several years, the educational programs have actually been more than self-supporting, even after a sizable portion of the revenues collected have been allocated to the general fund to pay for necessary staff time and other indirect costs, in addition to the direct costs of sponsoring the programs such as printing and mailing brochures and other advertising.

Active member dues currently are \$495 per year and have not increased in the past four years, with the last increase being only \$20 per year. Since then, the cost of everything from rent and postage to staff, lobbyists, and legal counsel have increased. With a goal of keeping dues at a moderate level, staff and the Executive Committee, in developing each annual budget, have focused on cost containment and deriving maximum benefit from every dollar spent.

The Cost of Doing Business

The CSA's business is divided generally into three categories. The general fund includes all staff and operational expenses, CSA governance activities such as board of directors meetings and the CSA House of Delegates, participation in ASA governance activities, and the expenses associated with attendance at the ASA annual political conference in Washington, D.C. The second segment is the Educational Programs Division, which includes the costs of planning and holding live meetings and developing Web and print-based CME. In addition,

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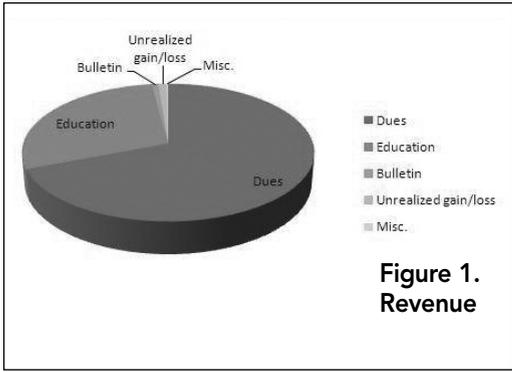


Figure 1. Revenue

the costs of maintaining accreditation as a Continuing Medical Education provider come under this category. Finally, the Legislative and Practice Affairs Division (LPAD) is the third major cost area. This expense category includes the cost of legislative advocacy, legal advocacy related to this topical area, meetings, and special projects.

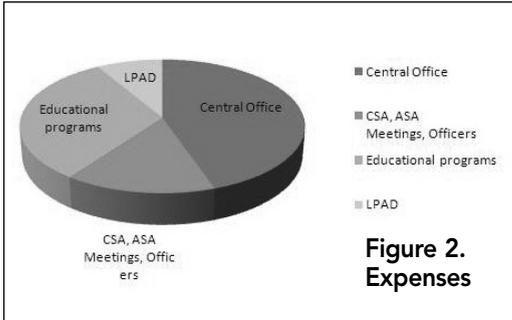


Figure 2. Expenses

By far, the largest cost area is the general fund and—as in any association—personnel costs are the single largest expenditure, followed by rent. Leaders and members alike often ask what percentage of total revenue should be spent on personnel costs, which include salaries, benefits, retirement contributions, and mandated employer taxes (FICA, workers' compensation, and state disability). Unfortunately, there is no rule of thumb for determining appropriateness of personnel costs. Much of it depends on the activities in which the organization engages, local costs of living, and the amount of the society's work done by staff compared to that done by volunteers. CSA's personnel costs are about 29 percent of the annual budget, and are consistent with an informal poll of colleagues in similar-sized specialty societies.

A key factor in personnel costs is the extent of services provided by staff. These may include supporting governance and committee activities, in-house maintenance of a Web site, publishing print and electronic periodicals, providing direct member service on legal and practice issues, and producing and marketing educational offerings. Your elected leadership represents your interests in deciding how the society's funds are spent.

From time to time, significant amounts are allocated to special projects to improve the operations of the organization, such as upgrading the database application. In 2007, such a comprehensive upgrade was completed on CSA's database to facilitate accuracy and efficiency, and to enable enhanced data

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collection and analysis. Another large project undertaken five years ago was a complete overhaul of the Web site, which enabled information to be posted in a timely manner and created portals for members and others both to register for CME and to access information specifically of benefit to the members.

The Year Ended and the Year Underway

The 2008–2009 fiscal year, completed June 30, was difficult financially for the CSA. The economic downturn affected every organization and business, but CSA fared much better than many others. Membership increased slightly, but the most vulnerable area of the budget, projected revenue from educational meetings, suffered. All told, attendance at the Hawaii meetings was less than projected and resulted in a lower than expected surplus. The losses were moderated, however, by careful management of costs and significantly increased marketing of the meetings, both on the mainland and abroad. Another area of loss, although unrealized, was the value of CSA's investments. Everyone's portfolio was hit last year and the CSA was no exception. However, by adhering to the CSA's longstanding conservative investment policy, those paper losses did not threaten the CSA's financial health. Finally, the lower interest rates associated with the economic downturn reduced the society's interest income significantly.

The current 2009–2010 fiscal year is characterized by increased focus on cost control and realistic budgeting in terms of dues and other sources of revenue. Staff costs have been decreased through freezes on salaries, increased cost-sharing for health benefits, and reduced contributions to employee retirement funds. In addition, both your CEO and COO Michael Whitelock voluntarily took 10 percent salary reductions for this fiscal year, a tangible sign of our commitment to helping the CSA through this unprecedented financial turmoil.

Other cost savings are derived from stricter reimbursement policies, shortening the length of the *Bulletin* from 96 to 80 pages, and capping certain cost centers—such as the budget for CSA attendance at the ASA Annual Legislative Conference. Academic programs have helped greatly in supporting residents to attend the Legislative Conference and sharing costs for resident attendance at the ASA Annual Meeting.

In this time of financial contraction, your leadership and staff have worked diligently to be faithful stewards of your dues payments, making the necessary changes that will keep the CSA on solid fiscal ground in years to come. We all are striving to do as much, or more, with less. This is your organization. Please don't hesitate to tell me or your leadership how we are doing as custodians of the society's funds, and if you think the CSA's resources should be allocated differently.