

Report of the Treasurer

The proposed budget for 2003 in Table 1 projects an operating loss of \$411 thousand, investment income of \$497 thousand, and an overall surplus for the year of \$86 thousand. Net unrestricted assets on September 30, 2002 were \$6.5 million, down \$1.6 from \$8.1 on September 30, 2001, and down \$4.3 million from \$10.8 on September 30, 2000. Table 2 reports audited revenues and expenses for the years 1997–2001. Table 3 reports the unaudited balance sheet for the end of the third quarter of 2002.

Total assets on September 30, 2002 were \$9.7 million, including \$9.2 million in cash and financial investments, \$0.2 million in equipment, and \$0.3 million in accounts receivable.

Liabilities on September 30, 2002 were \$2.7 million, which included \$1.8 million of prepaid membership dues and nonmember subscriptions, and \$0.9 million of accounts payable. Prepaid member dues increased 20 percent from 2001 to 2002 because the Association began to publicize the option for members to renew their membership for two or three years.

Audited financial statements for 2002 will be published in the June 2003 issue of the *American Economic Review*.

The Association's operating deficit grew substantially from 2000 to 2002; it is projected at \$960 thousand for 2002. While investment earnings on accumulated past surpluses have covered the Association's operating deficits for many years, in 2002 the rising operating deficit and declining investment returns combined finally to generate a net overall deficit, clearly not a stable long-run equilibrium.

The Association's operating deficit has grown partly because of costs related to the new administrative web site, library site licenses, the addition of two associate editors, and four new employees in Nashville associated with membership services, technology, and accounting services for *JOE*. Revenue growth has lagged the growth in expenses because declining individual memberships and library subscriptions have offset modest rate increases, and because

the once rapidly growing EconLit license fees have leveled off in recent years. Most (94 percent) of average annual revenues is accounted for by EconLit license fees (35 percent), membership dues (29 percent), library subscriptions and site licenses (19 percent), *JOE* charges (4 percent), advertising (3 percent), ASSA meeting net revenue (2 percent), and *AER* submission fees (2 percent).

In order to control the operating deficit, the price of EconLit was increased by 10 percent for 2002 and will rise another 10 percent in 2003. Annual library subscription rates are scheduled to increase from \$150 in 2002 to \$195 in 2003, and agency discounts have been eliminated for 2003 (effectively constituting an additional 5-percent price increase for subscriptions). In 2002 we began to charge \$150 per listing in *Job Openings for Economists*. We have just begun to sell library site licenses at \$195; they and new JSTOR revenues should contribute an additional \$50 thousand. Assuming a modest elasticity of demand, these price increases and new product sales should increase revenues by \$170 thousand, \$220 thousand, \$60 thousand, and \$50 thousand, respectively, for a total of \$500 thousand annually.

Expenses are estimated to rise 4 percent from 2002 to 2003, including some costs associated with generating new revenues identified above. Increases in other revenues of about \$270 thousand will cover the growth in costs, estimated at about \$220 thousand. The net result will be to cut the operating deficit by \$500–\$600 thousand in 2003. Further increases in some prices and expanded sales of library site licenses to the Association's journals should lead to an operating deficit approaching zero in 2004 if we can arrest the downward trend in membership.

I thank Norma Ayres, our accountant, and Edda Leithner, the Administrative Director, for their valuable help and patience in assisting me in carrying out the duties of the Treasurer.

JOHN J. SIEGFRIED, *Treasurer*

TABLE 1—2003 BUDGET, AMERICAN ECONOMIC ASSOCIATION (THOUSANDS OF DOLLARS), PREPARED DECEMBER 2, 2002

	First nine months (unaudited)		Full year				
			Actual	Projected	Budgeted		2003
	2002						
	2001	2002	2001	2002	Approved, January	Revised, April	
REVENUES FROM DUES AND ACTIVITIES:							
Membership dues and subscriptions	\$1,554	\$1,632	\$2,072	\$2,040	\$ 2,323	\$ 2,337	\$2,456
JSTOR							20
<i>Job Openings for Economists</i> , advertising/subscriptions	6	0	5	159	0	0	219
Advertising	110	113	138	169	144	144	170
Sales of <i>Index of Economic Articles</i>	2	1	5	1	76	103	88
Sales of publications, reprints	33	26	41	39	50	50	40
Sale of mailing list	45	46	54	61	55	60	60
Annual meeting	89	79	86	79	90	70	120
License fees (EconLit via vendors)	1,030	1,037	1,495	1,577	1,419	1,429	1,718
License fees-EconLit-AEA	22	21	30	25	34	34	26
AER submission fees	62	72	79	90	80	80	90
Sundry	5	17	177	20	25	25	25
Total Operating Revenue	\$2,958	\$3,044	\$4,182	\$4,260	\$ 4,296	\$ 4,332	\$5,032
PUBLICATION EXPENSES:							
<i>American Economic Review</i>	961	1,004	1,272	1,408	1,479	1,485	1,344
<i>Journal of Economic Literature</i>	1,274	1,316	1,668	1,835	2,014	1,920	2,028
<i>Journal of Economic Perspectives</i>	536	530	702	714	728	731	753
<i>Survey/Directory</i>	47	18	25	29	26	26	36
<i>Job Openings for Economists</i>	53	49	74	88	80	70	100
Subtotal	2,871	2,917	3,741	4,074	4,327	4,232	4,261
OPERATING AND ADMINISTRATIVE EXPENSES:							
General and Administrative	545	629	740	875	851	859	905
Committees	98	130	129	187	181	181	183
Support of other organizations	73	69	88	84	94	92	94
Subtotal	716	828	957	1,146	1,126	1,132	1,182
Total Expenses	\$3,587	\$3,745	\$4,698	\$5,220	\$ 5,453	\$ 5,364	\$5,443
OPERATING GAIN (LOSS)	(629)	(701)	(516)	(960)	(1,157)	(1,032)	(411)
INVESTMENT GAIN (LOSS)	479	435	639	580	549	579	497
Surplus (Deficit)	(\$ 150)	(\$ 266)	\$ 123	(\$ 380)	(\$ 608)	(\$ 453)	\$ 86

TABLE 2—AMERICAN ECONOMIC ASSOCIATION STATEMENTS OF REVENUES AND EXPENSES FOR THE YEARS ENDED 1997–2001
(THOUSANDS OF DOLLARS)

	1997	1998	1999	2000	2001
REVENUES FROM DUES AND ACTIVITIES:					
Membership dues and subscriptions	\$2,106	\$2,129	\$1,980	\$2,025	\$2,072
<i>Job Openings for Economists</i>	23	17	12	9	5
Advertising	147	134	140	152	138
<i>Index of Economic Articles</i>	16	81	78	91	5
License fees (EconLit via vendors)	987	1,172	1,263	1,352	1,495
License fees (EconLit-AEA)	57	49	47	38	30
Sale of publications and reprints	42	52	40	49	41
Sale of mailing list	67	56	69	81	54
Annual meeting	68	65	62	91	86
Sundry	79	85	77	78	256
Total Operating Revenue	\$3,592	\$3,840	\$3,768	\$3,966	\$4,182
PUBLICATION EXPENSES:					
<i>American Economic Review</i>	925	954	1,008	1,130	1,272
<i>Journal of Economic Literature</i>	1,461	1,599	1,536	1,445	1,572
<i>Journal of Economic Perspectives</i>	501	516	556	614	702
<i>Survey of Members/Directory</i>	127	47	47	31	25
<i>Job Openings for Economists</i>	79	78	74	78	74
<i>Index of Economic Articles/EconLit-AEA</i>	120	209	174	189	96
Subtotal	3,213	3,403	3,395	3,487	3,741
OPERATING AND ADMINISTRATIVE EXPENSES:					
General and administrative	552	548	586	632	740
Committees	135	180	119	130	129
Support of other organizations	78	79	79	86	88
Subtotal	765	807	784	848	957
Total Expenses	3,978	4,210	4,179	4,335	4,698
OPERATING GAIN (LOSS)	(386)	(370)	(411)	(369)	(516)
INVESTMENT GAIN (LOSS)	439	505	607	691	639
Surplus (Deficit)	\$ 53	\$ 135	\$ 196	\$ 322	\$ 123

TABLE 3—AMERICAN ECONOMIC ASSOCIATION STATEMENTS OF FINANCIAL POSITION (UNAUDITED),
SEPTEMBER 30, 2002 AND 2001

	September 30, 2002	September 30, 2001
ASSETS:		
Cash and cash equivalents	\$1,140,475.41	\$ 1,086,356.92
Accounts receivable	266,912.03	332,180.71
Inventory of <i>Index</i>	0.00	10,941.41
Prepaid expenses	29,251.57	25,056.29
Furniture, fixtures, equipment (net)	156,436.86	198,594.23
Investments, at market	8,132,615.69	9,528,935.93
Total Assets	<u><u>\$9,725,691.56</u></u>	<u><u>\$11,182,065.49</u></u>
LIABILITIES:		
Total deferred member dues and subscriptions	\$1,777,313.42	\$ 1,469,069.04
Accounts Payable and Accrued Liabilities	887,406.31	985,330.09
Accrual for <i>Survey</i>	0.00	205,667.03
Total Liabilities	<u>2,664,719.73</u>	<u>2,660,066.16</u>
NET ASSETS:		
Unrestricted	6,458,890.02	8,136,086.76
Temporarily restricted	602,081.81	385,912.57
Total Net Assets	<u>7,060,971.83</u>	<u>8,521,999.33</u>
Total Liabilities and Net Assets	<u><u>\$9,725,691.56</u></u>	<u><u>\$11,182,065.49</u></u>

This article has been cited by:

1. Malcolm Getz. 2005. Open-Access Scholarly Publishing in Economic Perspective. *Journal of Library Administration* **42**:1, 1-39. [[Crossref](#)]
2. David Colander, Terry Plum. 2004. Efficiency, Journal Publishing and Scholarly Research. *SSRN Electronic Journal* **101**. . [[Crossref](#)]