

Treasurer's Report

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Along with the Administrative Committee, the APSA Treasurer has general responsibility for oversight of the assets of the Association, for budgeting APSA operations, and, with the Trust and Development Board, of the Association's investments. More loosely these can be thought of as two things, operations—the annual flow of revenue into the Association and expenditure for its various programs and purposes—and endowment—the investments which support some ongoing programs and safeguard the Association's future. Of operations, it can be said that the budget is in balance; of endowments, it can be said that they are growing nicely. The books have received a clean audit. Thus, the economic health of the American Political Science Association is strong. What follow are details underlying this conclusion.

Investments

The Association's investments consist of three pieces, the Trust and Development Fund, the Congressional Fellowship Program Fund, and a Working Capital Fund. The last of these is small relative to the others and serves mainly as a way station between accounts for ongoing operations and permanent investments. The Congressional Fellowship Program Fund is an endowment resulting from an initial contribution of the MCI Corporation. Its proceeds are dedicated, by the terms of the contribution, to support of the Congressional Fellowship Program. The Trust and Development Fund can itself be thought of as consisting of three pieces: award funds, established to produce income dedicated to the continuation of particular awards; the Centennial Campaign funds, tied to the purposes of the Campaign; and unrestricted funds, which exist to secure the Association's future. Although the three funds are managed separately, what I write below about

TABLE 1. APSA BALANCE SHEET

	Total All Funds, June 30			
	2000	1999	1998	1997
Assets				
Current	27,817,241	23,922,745	21,194,593	16,650,615
Property & Equipment	455,858	514,710	524,030	579,216
Liabilities and Net Assets				
Current	1,460,889	1,370,733	1,324,856	1,208,441
Net Assets	26,812,210	23,066,722	20,393,767	16,021,441
Total	28,273,099	24,437,455	21,718,623	17,229,831

strategy and procedures applies generally to all of them.

Investment strategy has evolved a

good deal in recent years and small shifts are even now ongoing. Proceeding from the realization that the

TABLE 2

Investment Portfolio Summary—APSA and Endowed Funds, June 30, 2000

By Fund	Cost Value	Market Value	
General Operating Fund	1,805,712	1,787,980	
Trust and Development Fund, Centennial Fund, and Award Funds	6,505,719	9,357,779	
Congressional Fellowship Fund	10,141,418	15,642,413	
TOTAL	18,452,849	26,788,172	

By Security Type:	Cost Value	Market Value	Percent of Assets
Equities	7,342,039	10,743,564	40.11%
Cash and Cash Equivalents	319,386	319,386	1.19%
Government Obligations	945	945	0.00%
Mutual Funds	10,790,479	15,724,277	58.70%
TOTAL	18,452,849	26,788,172	100%

Activity By Fund, FY00	T&D Fund	CFP	Working Capital
Starting balance 7/1/00 (at cost)	5,371,701	9,262,945	1,764,614
Purchases	3,371,001	3,254,131	100,000
Sales	(2,976,779)	(3,543,756)	(200,025)
Net Investment	197,222	(289,625)	(100,025)
Earnings reinvested (includes interest, dividends, gains/loses)	936,795	1,168,098	141,122
Cash Dividends (not reinvested)	29,726	50,375	0
Total earnings	966,520	1,218,473	141,122
Ending balance 6/30/00 (at cost)	6,505,718	10,141,418	1,805,711

TABLE 3
APSA Operating Budget: A Multiyear Perspective

Year	Income	Expenditures	Surplus + Deficit -	Annual Expenditure Change (%)
1987-88	1,637,637	1,563,252	+ 74,385	+ 4.2
1988-89	1,847,152	1,731,251	+115,901	+10.7
1989-90	1,891,773	1,871,305	+ 20,464	+ 8.1
1990-91	2,153,800	2,133,524	+ 24,594	+14.0
1991-92	2,254,844	2,180,544	+ 74,300	+ 2.2
1992-93	2,405,023	2,321,830	+ 83,193	—*
1993-94	2,704,155	2,423,847	+280,308	+ 4.4
1994-95	2,734,375	2,524,664	+209,711	+ 4.2
1995-96	2,822,154	2,590,227	+231,927	+ 2.6
1996-97	2,979,845	2,793,237	+186,608	+ 7.2
1997-98	3,068,237	2,981,914	+ 86,323	+ 6.7
1998-99	3,150,001	3,086,546	+ 63,455	+ 3.5
1999-00	3,395,355	3,224,919	+170,436	+ 4.5

*In FY 1992-93, APSA moved to a new budgeting system, making the figures in this year not comparable with previous years.

Association lives off the proceeds of its investments and need never liquidate them,¹ it is easy to understand that operating with a theoretically infinite time horizon radically reduces the risk associated with investing in common stocks. Stocks present a good deal of short-term oscillation, which is "risk," but move on a much steadier course over the long term. That steadier course, combined with considerably higher expected returns, makes common stock particularly attractive when the time horizon is long. APSA holds a mix of common stock mutual funds (about 60% of the total) and individual equities (40%). Both mutual funds and equities are managed by Loren Ross of Cedarpoint Capital

Management, who is retained by the Association under the terms of the MCI contribution, which requires professional investment advice. The mutual funds are themselves a mix of actively managed (the majority) and index funds.

The move into direct purchase of individual equities was a response to the changing nature of the mutual fund environment. As the funds grew quite dramatically in the 1990s, and grew in an environment of very intense competition, they became less willing to report information about strategy and holdings. Fund managers, under intense pressure to produce results, were shifting holdings to go with market winners, with the result that they were less distinc-

tive in strategy and holdings than they had once been. In a period where the stock prices of small capitalization companies were in the doldrums, for example, managers of "small-cap" funds were buying the largest companies that their published rules allowed. The result was that a diversified portfolio of funds became less diversified than it seemed to be (and therefore riskier relative to return) and the information flow made it less and less possible to balance the portfolio by picking funds with distinctly different investment strategies. Owning 10 to 20 different funds is not diversification if most of them turn out to have a significant holding of the same companies. In such a situation, pursuing a strategy of investing in diversified mutual funds could actually expose an investor to great risk if the stocks of the largest and best performing companies suddenly lost value. Also, the Association's policy is to be fully invested in common stocks, which was never actually the case because mutual fund managers were holding some portion of their funds in cash, hoping to capitalize on buying opportunities. As managers became less willing to talk about strategies, the Association's ability to know its cash position, let alone manage it, declined.

The Association's portfolio of common stocks includes about 20 companies. The stocks are mixed to capture a broad segment of the American economy (with minor exposure to foreign markets), with holdings in finance, utilities, technol-

TABLE 4
Revenue Trends, 1994-2000

	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00
Individual Membership	\$ 805,786	\$ 732,439	\$ 910,001	858,384	912,704	990,106
Institutional Membership	434,649	448,803	495,671	541,787	540,371	549,761
Administrative	58,095	61,263	41,761	34,904	28,841	91,215
Annual Meeting Registration	266,370	266,990	286,921	364,672	387,113	338,374
Advertising and Exhibits	304,821	338,244	349,769	357,121	376,771	406,622
Dividends/Interest	97,024	199,514	111,590	111,534	129,862	184,966
Sales/Publications	212,042	227,129	224,895	203,991	219,343	210,144
Department Services	184,918	183,239	212,380	224,275	206,445	221,848
Other	334,670	364,533	346,947	371,569	348,551	402,319
Total	\$2,734,375	\$2,822,154	\$2,979,845	\$3,068,237	\$3,150,001	\$3,395,355

TABLE 5
Expenditure Trends, 1994–2000

	1994–95	1995–96	1996–97	1997–98	1998–99	1999–00
Publications	\$ 532,219	\$ 561,584	\$ 567,472	\$ 593,934	677,586	687,097
Annual Meeting	272,622	286,651	361,358	391,897	418,514	403,538
Special Programs	725,885	738,856	770,386	950,724	934,854	1,036,871
Governing the Association	127,964	138,768	152,280	164,957	170,504	191,495
Membership, Business Office, and Sales	379,345	363,398	380,851	349,864	378,771	408,693
General Operating	486,629	500,970	560,889	530,538	506,317	497,225
Total	\$2,524,664	\$2,590,227	\$2,793,237	\$2,981,914	\$3,086,546	\$3,224,919

TABLE 6
Operating Budget

Summary of Actual Revenue Line Items for Fiscal Year 1999–2000 and Projected Revenues for Fiscal Year 2000–2001

Category	1999–2000 Actual Revenue	2000–01 Projected Revenue	Percentage of Projected Revenue
Membership			
Individual	990,106	980,000	26%
Other Memberships	694,437	703,000	19%
Annual Meeting	638,610	762,000	20%
Sales and Advertising	318,055	317,000	9%
Departmental Programs	221,848	278,000	7%
Interest and Dividends	184,966	332,500	9%
Employment Services	126,524	117,000	3%
Rent	128,701	133,000	4%
Administrative	91,215	101,500	3%
Miscellaneous	892	1,000	0%
Total Revenue	3,395,355	3,275,000	100%

Summary of Actual Expense Line Items for Fiscal Year 1999–2000 and Proposed Expenses for Fiscal Year 2000–01

Category	1999–2000 Actual Expenses	2000–01 Projected Expenses	Percentage of Projected Expenses
Publications & Sales	740,539	858,820	23%
Annual Meeting	403,538	499,000	14%
Departmental Programs	231,125	250,500	7%
Committee Programs	305,269	409,500	11%
Employment Services	119,503	94,000	3%
Organized Sections	111,070	120,000	3%
Education and Professional Development	121,856	122,900	3%
Endowed Awards	18,274	20,000	1%
Governance	191,495	212,000	6%
APSA Representation	130,074	123,040	3%
General Administration	205,382	241,500	7%
Building and Equipment	202,993	220,500	6%
Depreciation	88,850	107,000	3%
Membership Office	189,921	206,000	6%
Business Office	165,030	179,500	5%
Total Expenses	3,224,919	3,664,260	100%

ogy, retail, and other sectors. Although these holdings are “managed,” they are not “traded.” Stocks are bought with the expectation that they will be held for the long term, and that the profits they yield will result from the earnings of the corporate economy, not from their buying or selling. The common stock portfolio is considered an ongoing experiment, closely monitored by the Trust and Development Board. Our current policy, subject to revisiting at twice-annual Board meetings, limits individual equities to a maximum of 50% of holdings. Our early experience is positive, but the strategy must be evaluated over a lengthy period and over varied market conditions.

The market experience for the year July 1, 1999 to June 30, 2000 reflects, first, unprecedented growth led by the “New Economy” stocks in late 1999 followed by sharp reversal in the spring of 2000. On the whole, it was a subpar year for the indices, with the benchmark S&P 500 gaining only 6.25%. APSA investments did considerably better, gaining about 15% overall (from Table 2 with adjustments for flows into and out of investment pools). This was primarily due to the excellent performance of stocks in the individual equities portfolio. (Performance of the portfolio subsequent to the reporting period, however, is not as strong.)

In retrospect, APSA has profited immensely from the strong stock market of the '90s. Going forward, the Association cannot expect com-

TABLE 7
APSA National Salary Scale 2000–2001

APSA Position	Equivalent Government Grade	2000 Federal Salary Scale	2000–01 APSA Grade	2000–01 APSA Salary Scale	Number of Employees	
					FT	PT
<i>Political Scientists:</i>						
Executive Director	SES	115,811–130,200	8	102,000–131,00	1	
Deputy Director	15	84,638–110,028	7	84,000–110,000	1	
Program Directors	13,14,15	60,890–110,028	6	55,000–108,000	3	1
<i>Nonpolitical Scientists:</i>						
Program Managers	11,12	42,724–66,564	5	42,000–64,000	2	1
Senior Staff Assistants	9,10	35,310–50,554	4	35,000–49,000	4	
Staff Assistants; Building Manager	7,8	28,866–41,557	3	27,000–41,000	6	
Administrative Assistants	4,5,6	20,829–33,768	2	21,000–31,000	5	

parable performance, and could even see the occasional loss. Future treasurers and APSA officers should be long-sighted if these events come to pass. Equities investment has worked spectacularly, the profits from which are “in the bank.” And, whatever the economy and whatever strange turns are seen in the financial markets, equity investment is a sound strategy for an organization that invests for a distant future.

Operations

Membership is the key issue in the financial position of a professional association. While it is true that APSA’s revenues come from diverse sources, the part that matters most is closely associated with how many political scientists there are, how many of them belong to the Association, and how many attend its meetings. Concern about membership trends was a driving force in the recent strategic planning initiative. The APSA Council and then-president Robert Keohane acted on reports of a two-year decline in the numbers of “regular” members of the Association.² The important news of the current year is that the trend has reversed. Membership is again growing and near an all-time high. That fact is much more important than its budgetary

implications, but the budgetary implications are not small. The outlook is substantially rosier when the books were closed than when they were opened a year ago.

The better membership numbers are seen first of all in a modest surplus for the year of \$170,436 (Table 3). About 5% of the budget, the surplus hides a better piece of news. APSA officers budgeted the full allowable draw against the Trust and Development Fund to cover an expected operations shortfall. The operating surplus from the better membership numbers meant no draw was required at all. The rising membership directly produced about an 8.5% increase in membership income (Table 4); indirectly, it produced increases in many of the other revenue sources. Expenses rose a controlled 4.5% (Table 5) from 1999, falling well short of the 8% increase in revenue.

The budget approved by the Executive Council in April (and slightly amended in August) is essentially similar to that of the completed year. The largest differences are in Annual Meeting expense and revenue estimates, which reflect APSA staff estimates of differential costs and attendance for the recent Washington meeting over Atlanta the previous year. We stand at something of a crossroads in budget matters

with serious proposals to change the APSA journal publications program. Such changes, if they increase expenses, as most expect them to do, will require either good fortune, as in 1999–2000, or a new source of revenue. It is the treasurer’s job not to count on good fortune. The wise membership will conduct discussions of new ventures in the context of how much they are worth.

The tables that accompany this report were prepared by Laura Tyson, the Association’s business manager. I am grateful to her for that effort, but even more because the numbers that appear reflect an excellence and honesty of accounting that was rightly praised in the Association’s independent audit. Budgeting for APSA is done by the business manager in consultation with senior staff and affirmed, in principle line by line, by the Executive Council. The treasurer merely stands between proposal and enactment. I am equally grateful for the exceptional hard work of the members of the Trust and Development Board. They assemble for two working days each year to make the hard decisions about APSA investments, in policy and in detail. It is a task that requires homework, attentiveness to detail, and knowledge not taught in our graduate programs. They guard our future.


Notes

1. Our bylaws permit an annual draw down of 4.5% of the unrestricted funds in the Trust and Development Fund. Since this is roughly half of expected earnings from stock holdings, and a lot less than half of earnings in recent years, the draw is no threat to the principal holdings. In fact, no draw down is made at all


in most years, an issue I turn to again under operations.

2. The two year decline was real, but the causal attribution—that it represented alienated members dropping out—probably was not on the mark. Most of the decline can be ac-

counted for by members moving from “regular” status into a newly created “Unemployed Members” category. The causal story here is that, confronted with a new choice between high dues and low dues, some unemployed members opted for low.



Nominations Sought for 2001 APSA Book Awards



Nominations are invited for APSA Book Awards to be presented at the 2001 Annual Meeting, August 30 - September 2, in San Francisco. Books published in 2000 may be nominated by publishers or individuals. The deadline for submission of books to an award committee is February 15, 2001. A list of 2001 Book Award Committees and their addresses follows:

Ralph J. Bunche Award

For the best scholarly work in political science which explores the phenomenon of ethnic and cultural pluralism

Dianne Pinderhughes
Dep't of Political Science
U. of Illinois at Urbana
702 S. Wright Street
Urbana, IL 61801

Louis DiSipio
Dep't of Political Science
U. of Illinois at Urbana
702 S. Wright Street
Urbana, IL 61801

Andrew Hacker
Apartment 16K
20 West 64th Street
New York, NY 10023

Bunche Award
APSA
1527 New Hampshire Ave., NW
Washington, DC 20036-1206

Gladys M. Kammerer Award

for the best political science publication in the field of U.S. national policy

Lorraine M. McDonnell
Dep't of Political Science
University of California
Santa Barbara, CA 93106

Charles Lockhart
Dep't of Political Science
Texas Christian University
P.O. Box 297021
Fort Worth, TX 76129

Laura Stoker
U. of California-Berkeley
Dep't of Political Science
210 Barrows Hall, MC 1950
Berkeley, CA 94720-1950

Kammerer Award
APSA
1527 New Hampshire Ave., NW
Washington, DC 20036-1206

Victoria Schuck Award

For the best book published on women and politics.

Meredith Reid Sarkees
De Paul University
Dep't. of Political Science
Chicago, IL 60614

Susan Moller Okin
Stanford University
Dep't of Political Science
Rm. 164K, Bldg 160
Stanford, CA 94305-2044

M. Kent Jennings
618 San Roque Rd.,
Santa Barbara, CA 93105

Schuck Award
APSA
1527 New Hampshire Ave., NW
Washington, DC 20036-1206

Woodrow Wilson Foundation Award

For the best book published in the United States in the field of government, politics or international affairs

Morris Fiorina
Stanford University
Hoover Institution
Palo Alto, CA 94305-2044

Margaret Keck
Woodrow Wilson Center
One Woodrow Wilson Plaza
1300 Penn. Avenue, NW
Washington, DC 20004-3027

J. Donald Moon
2 Teaberry Lane
Amherst, MA 01002

Wilson Award
APSA
1527 New Hampshire Ave., NW
Washington, DC 20036-1206

For further information visit the APSA web site at www.apsanet.org or contact Sean Twombly at the national office at twombly@apsanet.org.



Nominations Sought for 2001 APSA Awards



Nominations are invited for APSA Career and Dissertation Awards to be presented at the 2001 Annual Meeting, August 30 - September 2, in San Francisco.

Departments are invited to submit nominations for dissertation prizes, although not more than one per award. Dissertations eligible are those completed and accepted during the past two acadmic years. Department submissions should be sent to each member of the award committee and include a letter of nomination and a copy of the dissertation. A copy of the nomination letter only should be sent to the APSA national office. Departments must submit their nominations by January 15, 2001.

Individuals are also invited to submit, for consideration, letters of nomination for APSA-sponsored Career Awards. Career Awards are decided upon by three-member committees appointed by the president and approved by the Council. The deadline for submission of letters is February 1, 2001.

Dissertation Prizes

Gabriel A. Almond Award - in the field of comparative politics.

William Anderson Award - in the general field of federalism or intergovernmental relations, state and local politics

Edward S. Corwin Award - in the field of public law.

Harold D. Lasswell Award - in the field of policy studies.

Helen Dwight Reid Award - in the field of international relations, law and politics.

E.E. Schattschneider Award - in the field of American government.

Leo Strauss Award - in the field of political philosophy.

Leonard D. White Award - in the field of public administration.

Career Awards

John Gaus Award and Lectureship - to honor a recipient's lifetime of exemplary scholarship in the joint tradition of political science and public administration and more generally, recognizes achievement and encourages scholarship in public administration.

Charles Merriam Award - given biannually to a person whose published work and career represents a significant contribution to the art of government through the application of social science research.

Hubert H. Humphrey Award - in recognition of notable public service by a political scientist.

Carey McWilliams Award - to honor a major journalistic contribution to our understanding of politics.

Ithiel de Sola Pool Award - presented triennially to honor a scholar selected to present a lecture exploring the implications of research on issues of politics in a broad range of scholarship pursued by Ithiel de Sola Pool.

For information on award committee members or further details, visit APSANet at www.apsanet.org or contact Sean Twombly at twombly@apsanet.org.