

***PROPOSED DUES SCHEDULE:***

| <b>MEMBER TYPE</b>             | <b>2008</b> | <b>2009</b> | <b>2010</b> | <b>2011</b> | <b>2012</b> | <b>2013</b> |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Full</b>                    | \$285       | \$300       | \$315       | \$330       | \$345       | \$360       |
| <b>Full Canadian</b>           | \$200       | \$210       | \$221       | \$231       | \$242       | \$252       |
| <b>Emeritus</b>                | \$0         | \$0         | \$0         | \$0         | \$0         | \$0         |
| <b>Associate</b>               | \$285       | \$300       | \$315       | \$330       | \$345       | \$360       |
| <b>Corresponding</b>           | \$114       | \$120       | \$126       | \$132       | \$138       | \$144       |
| <b>International Affiliate</b> | \$114       | \$120       | \$126       | \$132       | \$138       | \$144       |
| <b>Junior</b>                  | \$200       | \$210       | \$221       | \$231       | \$242       | \$252       |
| <b>Students</b>                | \$29        | \$30        | \$32        | \$33        | \$35        | \$36        |

# **AAPM Financial Situation**

## **Current Status and Future Outlook**

### **Current Status**

Since 1994, the AAPM has experienced a significant gain in its Unrestricted Reserve Balances. From slightly more than \$1 million, reserves have grown to an estimated \$8.6 million at the end of 2007. This balance just meets the Board-approved policy of maintaining reserves at one year's budget plus an amount sufficient to cover long-term liabilities. While AAPM experienced unrealized losses in its investment portfolio in the years 1991-2001, over the long-term these have been re-gained.

In preparing the 2008 draft budget, it became apparent that it would be necessary to withdraw from these reserves in order to fund two very important initiatives for the Membership. These initiatives include the activities of the Joint Licensure Subcommittee and its efforts to obtain licensure; and efforts to prepare AAPM Members for 2012 and the increased educational and training requirements being instituted by the ABR.

Together, these two items will require the expenditure of over \$600,000 in 2008. The current budget cannot support these efforts from the general operating funds of the Association. These efforts will also require continued funding in the years between now and 2012, requiring a long-term solution. Efforts at generating additional sources of non-dues revenue are underway; however, it is essential that the incremental dues increases passed by the Membership in 2001 and extending through 2007 be continued.

### **Future outlook**

The AAPM is dependent on three major sources of revenue: Membership Dues, the Annual Meeting, and *Medical Physics*. While there are other sources of revenue that are significant when combined, individually they are very small. Investment income has tended to provide a significant source of the surplus over the past several years; however, this income exists on paper only. The stock market could easily trend downward over the next several years, depleting the value of the investment portfolio and, hence, it is AAPM's policy not to include investment gains and losses in the budgeting process.

An examination of the three major sources of revenue projected for 2008 shows the following:

1. Membership Dues are budgeted at \$1.4 million and are based on the dues rates in effect for 2007, the final year of the increases approved by the Membership in 2002 for the five-year period 2003 through 2007. This source is 20.5% of the total budget. Dues have increased from \$185 prior to 2003 to \$285 in 2007 for full members. This represents an increase of approximately 54%.
2. The Annual Meeting has two major sources of revenue, registrations and exhibits. It is budgeted in 2008 to generate \$2.4 million in total revenue, or 34.3% of the total. Registration fees could not cover the costs of the meeting if not for the fees paid by the

exhibitors. Estimates show that the breakeven registration fee without exhibits revenue would be about \$850. Both registration and exhibit fees are priced to be competitive with other organizations. It is especially important that AAPM remain competitive when courting the same exhibiting companies as related societies. Exhibit revenues have increased steadily each year for several years due to new exhibitors and to increases in space rentals by existing exhibitors. It is anticipated that this source of revenue will continue to increase for a few more years, however, it is AAPM's practice to budget conservatively and this year for the first time the "actual" revenue earned in 2007 is being used rather than following a pre-existing formula that budgeted 10% less than actual for the next year. Exhibit fees were increased last year and will continue to be monitored to make certain AAPM remains competitive.

3. The *Medical Physics Journal* also has two major sources of revenue, advertising and subscriptions; both of which are market driven and monitored each year with AIP rates as a guide. The Journal now accounts for just under \$2 million in annual revenue, or 28% of the total. It contributes a net of just under \$800,000 at the present time, however, caution in budgeting for future income is tempered by the realization that the potential exists for paper subscriptions to be replaced by online-only versions.

These three sources together account for over 82% of AAPM's income and must support all programs, whether or not they generate revenue or are no-fee services. For each of the past three years, budget deficits in the range of a half million dollars were approved by the Board of Directors. However, not all planned projects were completed, and AAPM benefited significantly from gains in the stock and bond markets with its investment portfolio. Expenses continue to increase each year. In 2008 alone, committees and councils have requested a significant increase in staffing, three FTE positions have been approved, along with two other staff added in late 2007 to support partners for whom we provide management services. There is no way to meet these goals without increasing revenue.

The table below highlights just a few of the program expenses during the past five years.

|                         | <u>Amounts in thousands</u> |                |                |                |
|-------------------------|-----------------------------|----------------|----------------|----------------|
|                         | <u>2003</u>                 | <u>2007</u>    | <u>Diff</u>    | <u>Percent</u> |
| Governance              | \$67                        | \$ 161         | \$ 94          | 240%           |
| Councils and committees | 548                         | 1,294          | 746            | 236%           |
| Headquarters operations | 1,830                       | 2,347          | 517            | 128%           |
| Administration          | <u>189</u>                  | <u>315</u>     | <u>126</u>     | 167%           |
| Totals                  | <u>\$2,634</u>              | <u>\$4,117</u> | <u>\$1,483</u> | 156%           |

The increases above were not typical in the years prior to 2000. However, Membership needs have grown and our Members find it increasingly more difficult to donate volunteer hours. They look to staff to perform many tasks that in the past were done on a volunteer basis. There is also a greater need for continuing education and monitoring of professional interests. There is a sense among the Membership that the Association now has a financial reserve and a competent staff to expand services. While this is good, it must be controlled to avoid drawing down reserves and creating a financial crisis in the future.

A balanced, long-term approach to both generating revenue and controlling expenses is needed. Programs will be periodically reviewed to weed out those that are no longer relevant and both dues and non-dues sources of revenue must be evaluated to keep pace with expenses in order to sustain the AAPM in the future.

## Proposed 2009-2013 Dues Increase Comments

### Comments in Favor of the Dues Increase:

Mitchell G. Randall wrote:

“I think the dues increase is modest and appropriate, I support the increase.”

Mustafa Ozer wrote:

“I fully support the initiatives, and the fee increases outlined as long as we (physics community) are given well reasons to do so. In regards to the lack of volunteer help, I would like to know how a member like me can find out what volunteer opportunities are available. I certainly would like to be involved in our community, but have problems locating the opportunities to do so.

I would also like to point out the annual meeting fees for AAPM and other professional organizations. Following are 2008 annual meeting rates for full members:

AAPM: \$495 (discounted), \$660 (regular) - Same as 2007 Meeting  
ASTRO: \$450 (early bird), \$530 (advance)  
RSNA: \$0 (early registration), \$100 (onsite) for AAPM member physicists  
ABS School: \$500  
RTOG: \$300

If AAPM intends to increase the annual meeting rates for the upcoming years, it would also be informative to get justifications for doing so. This would provide the necessary information justifying our employers for compensation.”

Roland Wong wrote:

“I consider the health of our society to be vital to the continuance of my livelihood and to the continuance of the group of people we call medical physicists who provide their important services. The amount of the proposed increase of my dues is not substantial. Paying less than \$1/day is not a lot to pay to support the AAPM. That amount is less than the amount that I give to some of the charitable organizations that I support. Therefore, I approve of the proposed dues.”

Darrell Poole wrote:

“I can understand the need to increase dues, nothing or very few items decrease in price as time advances. However, I have an interesting true story to relate, since it happened to me, that should interest a professional group such as the American Association of Physicists in Medicine. Some few years ago, I received an unsolicited letter from the Institute of Electrical and Electronic Engineers (IEEE). The letter thanked me for my membership of 25 years and granted me the title of 'Lifetime Member' and reduced my annual dues to \$25. I still enjoy all IEEE benefits and can assure you that the gesture from that professional organisation was greatly appreciated. It is a pity that the AAPM has not seen fit to reward its long time members in a similar manner.”

At the Annual Business Meeting the following members spoke in favor of the dues increase:

- Lee Goldman stated that he was for the dues increase, however would like more information for what the dues is covering. Mary Moore, Treasurer, commented that dues go into the operating budget to support on-going activities. Short-term initiatives may be funded from reserves, but some needs will be continuing.
- Joann Prisciandaro also spoke in favor of the increase, but stated that she has concerns with the dues for Junior Members. She commented that the membership should consider a freeze in the Junior Membership dues or considering lowering the amount.
- Doug Pfeiffer stated that this moderate increase in dues and is similar with what other organizations are charging for dues. Additionally, although many of the large initiatives are focusing on clinical physics, much work is also being done on the research side.
- David Lightfoot spoke in favor of the dues increase.
- Jerry White spoke in favor of the dues increase. Many AAPM members volunteer significant time, which can be valued at over \$100/hr. A dues increase is a way for other members to contribute other than by their time.

### **Comments Against the Increase:**

Dr. Robert Wallace wrote:

“I oppose the suggested dues increase. The organization is to be commended for its effort but should become more efficient by prioritizing projects and acknowledging that it can't do everything.”

Timothy Paul wrote:

“I can't agree that the AAPM has begun two very important initiatives for the Membership. Medical physics has survived without licensure or equivalent in each state for many years. It is quite a debatable point as to whether it is necessary, or even a worthy effort for the AAPM. A group of State or Federal paper pushers collecting more money and would make it more difficult for him to practice in his profession.

There are some incompetent people working in the field, sadly their credentials are usually not the problem.

I won't argue against the increased educational and training requirements being instituted by the ABR. However, the way it is instituted creates a whole new bureaucracy and overhead costs that are probably not needed.

As with many others in the field, it has become quite expensive to maintain both certifications ABR & CHP. In addition to the basic educational expenses, there are multiple societal dues that must be maintained. Additionally, each board requires a significant renewal fee. Meeting dues and travel expenses to these meetings are ever increasing as well.

Rather than increasing the AAPM budget to fit these programs, I suggest AAPM reduce the programs and some of the committees to fit into the budget. A one-year increase of \$600,000 is not reasonable.”

Paul Shaheen wrote:

“Are we in that much trouble that we need to continue to increase dues for another 5 years? That's 10 years of dues increases. I don't remember what dues were in 2001, but I guessing that the amount proposed for 2013 represents a doubling dose of dues increases since 2002. I'm sure that I'm not the only one with a calculator who sees that the proposed increase is a total of 26%. I don't have problem with spending more money if it advances the organization. We need to focus our funds in a direction that will benefit the silent majority of the membership. I don't have a problem with the student dues increase - they can handle 7 bucks.”

Eugene Lief wrote:

“With all respect, I am against this plan for the following reasons:

1. Financial climate in medicine starts changing towards cutting costs across the board. More and more of us will see how employers do not reimburse the dues. In this situation we should stop growing administrative expenses at the current rate and try to follow the trend.
2. I support the campaign for licensing. I think that necessary contributions could be added to dues as either optional or compulsory amounts but for a limited time and for a clearly defined goal. If we keep growing the expenses, we will outgrow the new budget as well.
3. I think that AAPM should be more efficient.”