

Report from Andy Vaughn to COP on budgeting and finances of publications

Budget process for ASOR journals (past, present, and future)

COP VP Jeff Blakely asked me to make a report to COP on the budget process for ASOR journals and books. I am glad to do so, and I thought that it would be helpful to share some data in advance of the meeting. I thought that this would make our discussion more productive so that you can prepare questions and suggestions in advance.

Background: the past of the budget process. About 4 years ago when the Atlanta publications office was closed, I was elected as chair of COP. At that time, ASOR was in a financial crisis, and we were worried about paying our bills. It seemed to me that rather than have a fixed budget for the journals that given the crisis that we should keep our expenses as low as possible while maintaining the quality that was needed. We thus suspended a budget process where editors were consulted temporarily and just tried to keep costs as low as possible. We unfortunately had a serious cash flow problem, in which most of the publications cash had been spent by publications (and we had borrowed from the Opportunity Fund). The biggest problem with our cash flow shortage was that we had spent money that had been received for NEA (and 1 issue of JCS), but we didn't have the money to produce those journals. We thus had a campaign to raise money to print and produce NEA. We had a \$100,000 goal for the "NEA campaign," and we made a good dent in this goal (particular thanks go to Notre Dame who gave a \$25,000 challenge grant and to Ann Killebrew who spearheaded a drive to raise the money for NEA).

I go into this history because that background is helpful for understanding our current budget process. The old budget process now needs to change since we are not in a crisis situation. We may have financial pressures, but we are not in the crisis situation that we were 4 years ago. The budget process that developed for ASOR journals and books was two-fold—one for books and one for journals. I will briefly summarize each of them. One of the main goals was to make sure that we didn't spend money allotted for publications before they had been produced and our obligations fulfilled.

Books. It was decided that books (apart from staffing costs) would be funded from the Opportunity Fund, and then proceeds from the books would go back into the Opportunity Fund. ASOR might decide to produce books that did not break even, but then the Opportunity Fund would be used to pay for those costs. Alternatively, if a book made money, then that successful book could help underwrite a book that was not as successful. We were intentional about deciding that not all books would break even, but we would use the OF to pay for those expenses. Further, we would make an effort to raise money for the OF so that we could offer books subsidies or not require subventions.

AASOR. Because the annual has standing orders and because they are shorter in length than that Archaeological Report Series (ASOR-ARS), it was decided that they would not require a subvention. These books would be funded by the OF, and then all proceeds would go back into the OF. It was further decided that ASOR staff costs would not be part of this equation. Thus, the budget for the *AASOR* is that we try to keep expenses down to a minimum by having the editor does as much editing as possible before the book is sent to

Susanne Wilhelm of DBBC. We also saved about 35-40% on printing costs by switching from Thompson-Shore to Sheridan Books. As Jeff's reports show, these books pretty much break even when we don't take into account staffing costs.

ASOR-ARS. Because we do not have many standing orders for the ARS (only about 20), these volumes do not sale nearly as well as the *AASOR*. We thus looked at the past history of these volumes and decided on a \$5,000 subvention. We made an agreement with editors / authors that if their particular report made money, then we would not require as much of a subvention for a subsequent volume. For example, Burt MacDonald may have a reduced subvention for his next report because the last report did well. Again, the OF pays the direct costs of these volumes and receives the proceeds from the sales. The ASOR office contributes certain staff expenses and is not reimbursed (except for direct costs of postage for mailing out books for review).

JCS-Supp. This series is funded by the Nies Trust, and all proceeds go into the temporary restricted fund to pay for future volume. We set a budget for the first volume, but the editor overspent the budget. That overage was covered by the Nies Trust funds, and it meant that there was not as much money for other products for the Baghdad Committee. The budget of this series is directly tied to income from previous volumes and the amounts allocated from the Nies Trust.

ASOR Books. It was decided to put other series on hold for the foreseeable future. There have not been other books published in the last four years. We also do not have any current plans for other books.

Going forward (the future): my recommendation is that we continue things the way they are with the books. The system assures that we have money to cover our direct expenses. Membership dues and other unrestricted revenue covers the staffing costs associated with the books, and this seems reasonable. We have not been successful at raising much money for the OF, so we will need to continue to request subventions for the ASOR-ARS for the foreseeable future. This is unfortunate, but I don't see another way for the time being. Note, the OUP encyclopedia project could provide some royalties in a few years.

Journals: As decided above, the situation with the journals was more of a problem four years ago. In order to make sure that we did not spend revenues that should pay for the journal production, we set up what has been called the "journal escrow account." That account functioned as follows four years ago:

1. In December 2005, we looked at the previous calendar year and took the journal expenses from the previous year as our budget for the calendar year 2005. We decided to go with the expenses that the editors said that they needed to produce their respective journals. I believe that the total was either \$190,000 or \$200,000 (I didn't go back and look, and it's been 4 years now). The goal was to make sure that we had enough money to support the work of the editors, and the editors were involved in coming up with these amounts.
2. Starting in January 2006, we set aside all revenues from memberships and subscriptions into the Journal Escrow Account (JEA). We started in January rather than the beginning of the fiscal year because we were in a time of crisis, and we needed to start right away. All expenses from 2005 journals were paid for from the general fund, and we paid for all direct expenses from the 2006

- journals from the Journal Escrow Account. In this way we made sure that we set money aside to pay for the journals. Once deposits to the JEA equaled our budget total for all journals, then all revenue in that calendar year went into the general fund. For 2006-2008, we were able to “fill” the JEA by the end of June, so all revenue from July – December went into the general fund. This system was successful in making sure that we didn’t spend money that should have been set aside for journals, but it has created problem ever since because it is a trailing calendar system and not a fiscal year system. As you will see below, I think that we should modify the system slightly to make it based on a fiscal year (that’s the future part of this discussion—the moving forward part).
3. At some point in 2007 it became apparent that we had set aside too much money into the JEA because journal expenses were not as much as we had forecasted. We thus put money into the general fund after all expenses from 2006 had been paid and there was money left over. We also adjusted our “budget” for the 2008 calendar year based on expenses from 2006 and 2007.
 4. 2009 budget process (the present): because we were facing a tight budget in January 2009, we went with the same figures from 2008 and decided to hold expenses down to what they had previously been. Again, the budgets were set for the calendar year and not the fiscal year. We continued with the earlier prices because 2008 had been unusual for the journals—NEA had published many issues and several double issues, and BASOR had undertaken several “upgrades.” We thus added some to BASOR budget to pay for the upgrades, and we left JCS and NEA where they had been. As Jeff pointed out, we now see that this system did not work well, and it needs to be changed. The major problem is that we are spending over budget in both NEA and BASOR, and also our revenues are down for all three journals. The second problem that Jeff has noted to me is that with no real consultation with the editors, the editors may feel that they have no real investment in the budget.
 5. *Moving forward*: My suggestion for moving forward is that I (as executive director) present the editors a suggested budget for each journal in January or early February of each year. The budget will be for the fiscal year and not the calendar year. In order to set the budget, I will work with the VP of COP and look at the expenses for each journal from the past year to past 6 issues. I will break the budget down into different areas, but the main number that we will look at will be the total expense for that journal. I will make every attempt to have these data to the editors by late January. Jeff and I will then request that the editors come back to us with a response within two weeks. We would like to know one of the following: a) the bottom line looks fine for the coming fiscal year; b) the editor concludes that she or he will need more money for the coming fiscal year, and the editor will explain why this is the case; c) the editor concludes that we have provided too much money for the coming fiscal year for that journal and will explain why. I assume that #c is unlikely, but it is theoretically possible. If Jeff and I do not hear back from an editor, we will send several reminders but then assume that #a was the response. If the editor concludes that more financial support is needed, we will work with the editor to resolve the issue and try to find the additional funding needed.

6. Setting the budget: The process outlined in #5 would then be the process used for bringing a proposal to the ASOR board. The ASOR board approves the budget, but this would be the method used for presenting that recommendation to the board. The ASOR board will normally approve the budget in April at the spring board meeting, so the editor would know the budget amount well in advance of the start of the fiscal year (July 1st each year).

Current Journal expenses (fiscal year 2009-10). The method outline above should work well for fiscal year 2011 and forward. However, that leaves unresolved the issues from this fiscal year. The following is the budget used for each journal for this fiscal year (July 1, 2009 – June 30, 2010). Again, these amounts were arrived at using the system described above. There are two immediate issues: 1) both BASOR and NEA are over budget for this fiscal year; 2) the bid process has shown that ASOR may be paying over the market rate for printing costs and for copyediting, layout, and composition costs.

Current Budgets for the journals;

BASOR

Editorial Stipend	\$13,000.00
Editorial Contract Support	\$8,500.00
Office expenses	\$1,500.00
Copyright	\$180.00
Composition / Typesetting	\$21,500.00
Printing/ Binding	\$23,000.00
Freight	\$11,000.00
Travel	\$1,500.00
fudge factor for upgrades	\$1,000.00
BASOR SUBTOTAL	\$81,180.00

NEA

Editorial Stipends	\$13,000.00
Copy editing (BJ Collins)	\$8,000.00
Copyright	\$180.00
Composition / Typesetting	\$18,820.00
Printing/ Binding	\$34,000.00
Freight	\$3,000.00
Editorial Contract Support	\$5,000.00
NEA SUBTOTAL	\$82,000.00

Note: for NEA, editorial contract support is included to give the editor (Ann Killebrew) as much flexibility as possible. This line item can be used for such things travel for the editor and assistant editors; permissions, editor's options, contract support, copyediting, office expenses, etc.

JCS

Copy editing (BJ Collins)	\$2,000.00
Copyright	\$45.00
Composition / Typesetting	\$6,500.00
Printing/ Binding	\$3,855.00
Freight	\$1,600.00
JCS SUBTOTAL	\$14,000.00

Current costs for NEA and BASOR:

1. NEA Printing
 - a. Budget for printing and mailing per issue: \$9,250.00
 - b. Charge from Cadmus was \$9,100.83 (this is lower than the budgeted amount, but this was for a 48-page issue, and other issues are planned at 64 pages.
 - c. Cadmus has said that they will lower this charge, so I hope to have an update on the new amount by the time of the COP meeting.
 - d. The printing charge was \$6571.49, and Cadmus new bid price is about \$4,830. The bid from WorldColor is \$2,537. The Sheridan Press bid was very close to the Cadmus bid.
2. BASOR printing
 - a. Budget for printing and mailing per issue: \$8,500
 - b. The charge from T-S and Unit Packaging for BASOR 354 was \$8,712
 - c. The printing charge from T-S was \$5,803
 - d. The bid from Edwards Brothers for printing 112 pages (2000 copies) is \$3,597. The bid for 104 pages (2000 copies) is \$3,450. Again, the Sheridan bid and Cadmus bid were very close but a little higher.
3. NEA composition and layout
 - a. Budget for composition and layout per issue is \$6,705.
 - b. A recent price for a 64-page issue was \$8,602 (72/1). A recent price for a 48-page issue was \$6,350.
 - c. We received three bids (for composition and layout). Two were significantly less than what we are paying now. The third was about 20% less than what we are paying now. We have not actively sought bids for composition and layout, but the unsolicited bids indicate that a bid process might be wise.
4. BASOR composition and layout
 - a. Budget for composition and layout is \$5,375
 - b. The price for BASOR 353 was \$5,500. The price for BASOR 354 was \$4,717.
 - c. We have received two bids for these services, and both are substantially below our current provider (Eisenbrauns).

Current costs for JCS: We have not looked at JCS prices as closely. Edwards Brothers has provided a bid of about \$1000 less than T-S for printing. JCS will not be printed until next April or May, so we have not looked at this as closely. The costs for JCS and BASOR are similar in terms of both printing and composition/ layout.