



Special edition of the WAEA Newsletter – July 2010

Dear WAEA members,

Over the past year, we have been keeping you abreast of the changes going on at WAEA and tried to be as transparent as possible with you. To provide a quick recap:

- Organizationally we will be incorporated by the end of July. As a part of that process, the board was required to update the bylaws and operating policies of the WAEA.
- Our secretary and treasurer Rob Davis has resigned because of work-related issues and the board has decided to outsource the membership database and administration and accounting functions to Executive Director, Inc. (EDI) which is handling those activities for 28 non-profit organizations including the AAEA and IAAE.
- We have entered into an agreement with JSTOR and CCC in an effort to create greater visibility for JARE and increase potential royalty revenues.
- We have had detailed discussions about the finances of the WAEA and are recommending a dues increase at our business meeting.
- At the end of this newsletter, we have prepared a list of some questions and answers regarding the changes at WAEA.

The board has been meeting monthly since February and bi-weekly since June to engage in a discussion of these issues.

Our business meeting on the afternoon of Tuesday, July 29th will occur after Larry van Tassel's presidential address. We would like everyone to attend the business meeting so we can have a richer discussion of these issues. The agenda for that business meeting will begin with a discussion of the proposed bylaw changes. During that time, we will also discuss the Executive Committee's finalized operating policies. Ultimately, we want as much transparency as possible regarding governance structures and operating policies. We believe that none of these changes impacts the mission of the WAEA or its overall operating philosophy. Most of you will not see any changes in the way WAEA operates.

Many of the changes are informal policies that we have been following but have not been changed in the bylaws. Among the things you will see in the proposed bylaw changes include:

The president's term is now a three year term which includes responsibilities as president-elect, president, and past-president. During the first year, the president-elect prepares a presidential address and paper and learns about the responsibilities of office. In the second year, the president is responsible for the annual meeting, chairs the business meeting and board meetings, communicates with members, and serves as the WAEA's chief financial officer. During the third year, the immediate past-president chairs the nomination committee and the Distinguished Scholars committee.

We propose that the Executive Board be composed of six directors serving three-year terms. Two directors will be elected annually. We have institutionalized the selected papers (formerly done by the vice-president whose position has now been eliminated) and awards program in the responsibilities of the directors. Thus we are adding two new officer positions (directors), eliminating two elected positions (Vice-President and Secretary/Treasurer), and adding one position that is appointed by the board (Secretary) who is not part of the Executive Board.

During the first year of their term, the directors will be junior members of the selected paper organizing team. In their second year, they will become senior members of the selected papers team. Thus the selected papers team will always consist of four Directors. During the last year of their term, two directors will be responsible for the extension, research, and teaching awards.

We propose that the Secretary position be appointed by the President and be responsible for taking minutes at the board meetings and the annual business meeting. The Secretary may be asked to help the President with assorted communication issues.

In addition, the Treasurer position would be eliminated as the accounting functions are formally outsourced to Executive Director, Inc. (EDI). The President will have signature authority for checks over \$5,000. The Finance committee will become an audit committee to oversee the annual audit and the IRS 990 filing.

The second item on the agenda for the business meeting will be ratification of our proposed dues structure. I will ask for a motion and a second to approve the dues increase and we will follow with discussion. After a lot of consultation, the board is recommending to the membership the following dues structure for 2011.

<u>Category</u>	<u>Domestic</u>	<u>International</u>
Regular (JARE-printed copy)	\$55	\$75
Regular (JARE-electronic copy)	\$40	\$40
Student (JARE-printed copy)	\$25	\$40
Student (JARE-electronic copy)	\$5	\$5
Senior (JARE-printed copy)	\$45	\$60
Senior (JARE-electronic copy)	\$30	\$30
Family (one JARE printed copy)	\$80	\$110

Seniors are defined as those who have retired full-time from their full-time job.

There are 17 members who have three-year memberships with AAEEA. Once we make the transition to EDI, the Executive Board is committed to finding a way in the near future to align our dues structure with those who have these three year memberships with AAEEA.

Our Answers to Some Commonly Asked Questions

We have prepared a list of answers to some questions that might arise regarding these changes.

Question: Why has the board decided to incorporate? Are we not a non-profit already?

Answer: We operate as a non-profit entity and are registered as a charitable entity. This was acceptable in the past. However, the Internal Revenue Service has begun scrutinizing charitable entities in light of numerous scandals in recent years. After consulting with a number of experts, the board believed that because of our size and budget, that it was necessary that we incorporate and apply for a formal letter of determination from the IRS that we are indeed a non-profit entity. If we did not, we would be in an uncertain environment moving forward. Finally, in light of the proposed changes in our governance and outsourcing of the membership and accounting functions, incorporation was even more important. We believe that the members will see little or no change in the way we operate.

Question: Why are we incorporated in Wisconsin? Why not a WAEA state?

Answer: Each state has different rules on incorporation. As we studied the issue, it became apparent that the big difference in many state incorporation statutes was the amount of protection given to volunteer directors who serve on non-profit boards who are making what they believe to be prudent decisions. Wisconsin has what we believe to be one of the better legal structures that help indemnify volunteer directors. The choice of which state to incorporate has no impact on our governance or the way we operate. Our official address for the IRS will be with EDI in Wisconsin.

Question: Why is the presidential position now a three year term?

Answer: In many ways, the president position has been operating as a three year position already. In 2005, the elections were moved up from the spring to the previous fall in an attempt to create a mechanism to enable the incoming officers to learn more about their roles and responsibilities. We consulted with former officers and the general consensus was that having a more formal structure within the WAEA governance structure would strengthen the leadership of the WAEA and create more knowledge of the way we operate. Many USDA regional committees and other professional associations operate this way such as the AAEA, NAREA, and SAEA. We do not think you will see any significant changes in the way WAEA operates.

Question: Why is the board recommending that we add two directors?

Answer: A lot of discussion was had about the increasing difficulty in finding volunteers to serve on various committees and the need for individuals to work on the selected papers function beyond one year because of the institutional knowledge regarding the software and process. Currently, the vice-president is a one year term and that individual handles the selected papers. In consulting with past officers, it became apparent that there was a learning curve involved in handling this function. As the board discussed options, it became apparent that we could create this institutional knowledge by putting this responsibility onto directors and create a three year term with responsibilities in each year. The board believes that this new structure will strengthen the preparation of our annual meeting and formalize responsibilities for directors. Finally, we have eliminated the Treasurer / Secretary position and Vice President position and added two directors and the past-president position, so we have added only one new elected leadership position. Other associations such as NAREA and AAEA also have six directors but these directors do not have similar responsibilities as ours would have.

Question: Why have we outsourced the accounting and membership management functions?

Answer: During the past year, our secretary / treasurer resigned due to the demands of the positions which we have discussed in past newsletters. This had been a volunteer position in the past at tremendous cost in personal time to our treasurer. Moving forward we were going to have to pay for this service as other associations has begun to do. As we looked at various options, several things were apparent. First, 92 percent of our members are members of AAEA. Our biggest problem with membership management as we discussed in the last newsletter was the entry and exit of our members whose decision to be a member of WAEA was predicated on whether they were attending the annual meeting that year. Second, our accounting issues have been discussed in the past and the board felt strongly that we needed an entity that had experience with non-profits such as ours and could help us create financial information in order for the board to make good decisions. Both of these factors led us to EDI who currently handles similar functions for the AAEA and IAAE. We believe that EDI will help us better administer our membership management function and accounting function and assist in compliance with IRS regulations.

Question: Why is the Secretary position not an elected position and not a member of the Executive Board?

Answer: The principal responsibilities of the Secretary are to take minutes. Because we are incorporated, we need to have certain things in the minutes. This is going to require someone with a certain skill set that may not exist in our membership. Furthermore, it is difficult to contribute to meetings when you are taking minutes and notes. The board felt that the Executive Board should be comprised of elected members. Thus, the position is an appointed position with reappointment annually and no term limits.

Question: How did the board decide on the level of dues increase?

Answer: As we have discussed in past newsletters, our revenues from dues and page charges have not kept pace with inflation and increasing costs. The WAEA has been running a deficit since 2005 and while this has been planned as we drew down our asset base, the board recognizes that this cannot continue indefinitely. At our current rate, we would have no reserves in nine years. Thus, we need to increase our revenues. After working with our publisher for JARE, we have determined that the marginal cost of publishing a hard copy is \$5 per volume. This is the cost to set up printing, print, and mail a volume of JARE. As we discussed in the last newsletter, our publications costs are approximately 1/3 for the editorial team, 1/3 for the technical editor who prepares the manuscripts in an Adobe Acrobat format for printing, and 1/3 for the actual printing process. The board feels strongly that we do not want to be just an electronic journal. But we understand that there are some members who do not want a hard copy of the journal. Thus, we have set up our dues structure for those who desire electronic access and those who desire a hard copy of JARE.

Question: The WAEA has always been a volunteer organization with no expense reimbursements. The bylaws state that expense reimbursements may occur subject to WAEA policy. What does this mean?

Answer: The WAEA has never had officers who were paid compensation. That has not changed. In the past, different departments helped subsidize officer expenses according to the importance placed upon professional service in that department. For example, in my case, my department (or me) have paid all of the expenses of the my term as President such as phone calls, travel, secretarial support, etc. The WAEA has sometimes paid certain expenses of WAEA officers. This change in the bylaws clarifies this practice.

Question: Will all of these changes help ensure the long-term relevance of the WAEA?

Answer: The board believes that these changes will strengthen the WAEA. However, we recognize that we have the same number of professional societies as we did 30 years ago despite far fewer agricultural economists working in the public sector. We are committed to maintaining the relevance of the WAEA and providing an annual meeting at a location suitable for families and single professionals, having a program to celebrate the accomplishments of our colleagues, and maintain the reputation of JARE. The reality is that academic institutions do not have the resources to subsidize professional societies through page charges, payment of membership dues, and providing volunteer time as they have done in the past. Thus, the members of WAEA will continue to assume greater responsibility for the costs of the association through increased dues and annual meeting registration costs. We anticipate that there will be future dues increases. We realize that the issue of page charges is not a long-term solution for JARE and we are committed to learning about other models to maintain JARE.

Question: If the members vote to approve the new bylaws, how will we make the transition to the new Executive Board?

Answer: The governance structure will begin in 2011. The directors who will be elected in the fall of 2010 will be elected to three year terms. The two existing directors will have their terms extended by one year. The existing Vice-President elect who becomes Vice President at this year's meeting will be the final Vice-president.

Question: Where are the proposed bylaws and operating policies found so we can see them in advance?

Answer: These are posted on the WAEA website at www.waeonline.org. You will see a link from the home page. We will bring hard copies to the business meeting as well.

Question: Why is a new award being instituted for Outstanding JARE Reviewer?

Answer: We are in a period of structural change for colleges of agriculture. In particular, there will likely be less time for doing research in the future. Reviewing manuscripts is an important function for professional societies who operate a journal like the WAEA does and publishing research is an important criteria for promotion and tenure and faculty evaluation. Other associations outside agricultural economics have awards for outstanding reviewers. We felt that it was important to show outsiders such as administrators the importance of peer review and scholarship and that it was important to recognize the contributions of reviewers.

Question: Who can we visit with about these changes prior to the business meeting?

Answer: Please feel free to visit with any of our officers whose contact information is below.

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Finally, we have a great annual meeting planned for Denver and hope you can attend! The program and awards program brochures are available at www.waeonline.org. Hope to see you there!

Sincerely,

Mike Boland

