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EXPLANATION OF IEEE BUDGET FOR CALENDAR '63

In preparing an estimated budget for the IEEE for Calendar '63 it has been necessary to make a considerable number of approximations. The problem is also complicated because the accounting system of IRE differs considerably from that used by AIEE. In order to arrive at a reasonably good estimate of the IEEE budget without becoming involved in too complicated accounting procedures, it was decided to examine the individual budget for each institute for their most recent year of operation and then estimate what effect a merger would have on each of these individual budgets. In this way a Calendar '63 budget was obtained for each institute and the IEEE budget for C-63 was obtained by adding these two institute budgets. The Fiscal '62 budget was used for AIEE since this fiscal year is almost complete (ends April 30, 1962). Since IRE's fiscal year corresponds to the calendar year, the 1961 realization figures were used.

For the Income Accounts it was possible to obtain a reasonable correlation between the various accounts of the two institutes. For the AIEE, two columns are given. The first column, marked "F-62", is the Fiscal '62 budget. The other column, marked "C-63", is the estimated budget for the AIEE part of the merger operation. For IRE, two columns are also given. The first column, marked "R-61", is the realization expenditures for Fiscal '61; the second column, marked "C-63", is the estimated income for the IRE part of the merger operation. The fifth column shown is the estimated budget for IEEE. (C-63 refers to Calendar '63)

Some pertinent reasons used in determining the approximate income from each of the Income Accounts are:

1. The membership dues and fees of the IRE have been used because it was not deemed to be psychologically sound to ask the IRE members to pay an increase in dues in order to form the IEEE. For this reason it should be noted that the AIEE income from dues has decreased about 25%, which reflects the reduction in dues of AIEE members from \$20.00 a year to \$15.00 a year.
2. It was assumed that the memberships of the two institutes would be approximately additive.
3. It was assumed that the advertising income for each institute would be additive for the merger society except as discussed later.
4. It was assumed that the income from subscriptions would be additive.
5. In the Sales Items Account it was assumed that quite a few of our members would want to purchase new emblems and diplomas.
6. In the Convention Sales Account it was assumed that the income from the next Exposition of the AIEE type would be tripled and that by doubling the visitors' fee for the IRE Exposition, an additional \$70,000 could be obtained.
7. The other accounts would be additive as shown.

With the above-mentioned assumptions, the estimated income for IEEE for Calendar '63 is \$6,049,000.

In the Expense Accounts it was very difficult to obtain any type of correlation between the accounts of the two institutes so it was determined to examine the budgets of the two institutes individually.

The AIEE Expense Sheet gives the same two columns that were given for AIEE Income. In most cases it has been estimated that the expense accounts will be decreased slightly in C-63 compared to F-62. It should be noted that, while we had a substantial income from the expected sale of emblems and diplomas, we also have an expense item of \$30,000. The net reduction in expense for Calendar '63 compared to Fiscal '62 has been estimated to be approximately 2.6%.

The above AIEE expenses include sending Electrical Engineering in its present form and size to all AIEE members of the IEEE. The next step is to determine what would be the net cost for sending this magazine to 90,000 additional members which would represent the IRE members of IEEE. It has been estimated by Mr. Hibshman that the additional expense per member for adding 90,000 members to the mailing list would be \$3.00, which makes a total additional expense of \$270,000. This amount covers the cost of printing, paper and postage. It is assumed that the editorial expense will remain the same. Against this expenditure it is estimated by Mr. Hibshman that there would be an increase in advertising revenue of approximately \$150,000. This figure was obtained by using the current IRE Proceedings' advertising rate for the same number of advertisers currently advertising in AIEE. This makes a net additional expense of \$120,000; therefore, the total expense for the operations of the AIEE part of the IEEE would be \$2,039,000.

By a similar method, the IRE expense items were analyzed and two columns are presented for these accounts, the same as for the IRE income accounts. You will notice that it has been estimated that there will be some slight reductions in some of these expense accounts in C-63 compared to R-61. There has, of course, been an increase in the emblems and diplomas expense account to partially offset the expected income from the sale of emblems and diplomas for the new institute.

The net decrease in expenses for the IRE part of the operation is estimated to be about 2.6% of the actual expenses incurred by IRE in Fiscal '61. (R-61)

It was next determined what it would cost to send the Proceedings of the IRE to the 55,000 additional members who formerly belonged to the AIEE. Mr. George Bailey estimated that the additional expense per member would be about \$9.00. This makes a total additional expense for 55,000 of \$495,000. Here again, this assumes that the Proceedings of the IRE would remain in its present form and have approximately the same number of pages. This extra increase, therefore, represents the cost of paper, printing and postage. It is also expected that there would be an increase in advertising revenue due to the added circulation and this has been estimated by Mr. George Bailey to be approximately \$270,000. The resulting net additional expense for the 55,000 additional issues is \$225,000. This means that the estimated total expense for the operations of the IRE part of the IEEE would be \$4,010,000.

Therefore, the estimated total expense for IEEE for Calendar '63 is \$6,049,000, which equals the estimated income.

It is expected that after the merger has been consummated and the IEEE has been in operation for a couple of years, items such as headquarters expenses, building expenses and other general unallocated expenses can be significantly reduced.

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	<u>INCOME</u>				
	<u>AIEE</u>		<u>IRE</u>		<u>AIEE</u>
	<u>F-62</u>	<u>C-63</u>	<u>R-61</u>	<u>C-63</u>	<u>& IRE</u> <u>C-63</u>
Membership Dues & Fees	\$ 991,300	\$ 750,000	\$1,058,000	\$1,058,000	\$1,808,000
Advertising	360,000 ?	390,000	1,600,000	1,740,000	2,130,000
Subscriptions	259,780	260,000	237,000	240,000	500,000
<u>Sales Items</u>					
Binders & Standards	28,000	28,000	18,000	18,000	46,000
Emblems \$3.00 ea. for C-62	600	45,000	6,000	60,000	105,000
Reprints	83,000	70,000	65,000	55,000	125,000
Misc., including Diplomas \$20.00 ea. for C-62	1,600	30,000	5,000	40,000	70,000
	<u>113,200</u>	<u>173,000</u>	<u>94,000</u>	<u>173,000</u>	<u>346,000</u>
Convention Sales	10,000	30,000 ?	806,000	876,000 *	906,000
Convention Record Sales	-	-	50,000	50,000	50,000
Instrument Income	58,000	60,000	55,000	60,000	120,000
Misc.	3,000	3,000	2,000	2,000	5,000
Meeting Registration & Technical Conference Surplus	62,400	64,000	-	-	64,000
Translation Program	115,000	120,000	-		120,000
Wescon Record Sales			<u>8,000</u>		
	<u>\$1,972,680</u>	<u>\$1,850,000</u>	<u>\$3,910,000</u>	<u>\$4,199,000</u>	<u>\$6,049,000</u>

* Increase Exposition Fee from \$1.00 to \$2.00 - 70,000 visitors.

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AIEE EXPENSE

	<u>F-62</u>	<u>C-63</u>
<u>Departments:</u>		
General Administration	\$ 330,095	\$ 303,000
Prof. Development & Recog.	20,570	20,000
Technical Operations	297,867	290,000
Publications	847,710	847,000
	<u>\$1,496,242</u>	<u>\$1,460,000</u>
<u>Other:</u>		
Intersociety Relations	\$ 1,000	\$ 1,000
Constitution & By-Laws Com.	500	1,000
Finance Committee	7,850	7,000
Planning & Coordination Com.	250	-
General Unallocated Expense	463,950	420,000
Misc. - Emblems & Diplomas	-	30,000
	<u>\$ 473,550</u>	<u>\$ 459,000</u>
<u>Total Expense</u>	<u>\$1,969,792</u>	<u>\$1,919,000</u>

Extra Publication expense for sending Electrical Engineering to
90,000 additional members:

(Additional expense per member - - - - - \$ 3.00)

Total additional expense for 90,000 members: \$270,000

Increase in advertising revenue, using IRE Proceedings rate: \$150,000

Net additional expense: \$120,000

Total expense for AIEE : \$2,039,000
operations:

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IRE EXPENSE

	<u>R-61</u>	<u>C-63</u>
Salaries	\$ 716,000	\$ 670,000 ✓
Advertising Sales	435,000	435,000
Print & Directory	1,136,000	1,096,000
Sales Items	58,000	55,000
Emblems & Diplomas	-	40,000
Field Items	262,000	240,000
Students	148,000	134,000
Building Operations	67,000	70,000
Operations	176,500	176,000
Social Security & D. L. Taxes	24,000	20,000
Travel	61,500	52,000
National Convention	692,000	692,000
Convention Record	26,000	27,000
ILIFFE Items - Plus Index	9,000	10,000
Fiscal Operations	1,000	1,000
Legal	10,000	15,000
Reserve for Special Publications	8,500	-
Reserve for ECPD	-	10,000
Miscellaneous	21,000	6,000
Depreciation Reserve	<u>34,000</u>	<u>36,000</u>
	\$3,885,500	\$3,785,000

Extra publication expense for sending PIREE to 55,000
addktional members:

(Additional expense per member: \$9.00)

Total additional expense for 55,000 members: \$495,000

Increase in advertising revenue: \$270,000

Net additional expense: \$225,000

Total expense for IRE operations: \$4,010,000

Total expense for AIEE and IRE operations: \$6,049,000

Total AIEE and IRE income: \$6,049,000