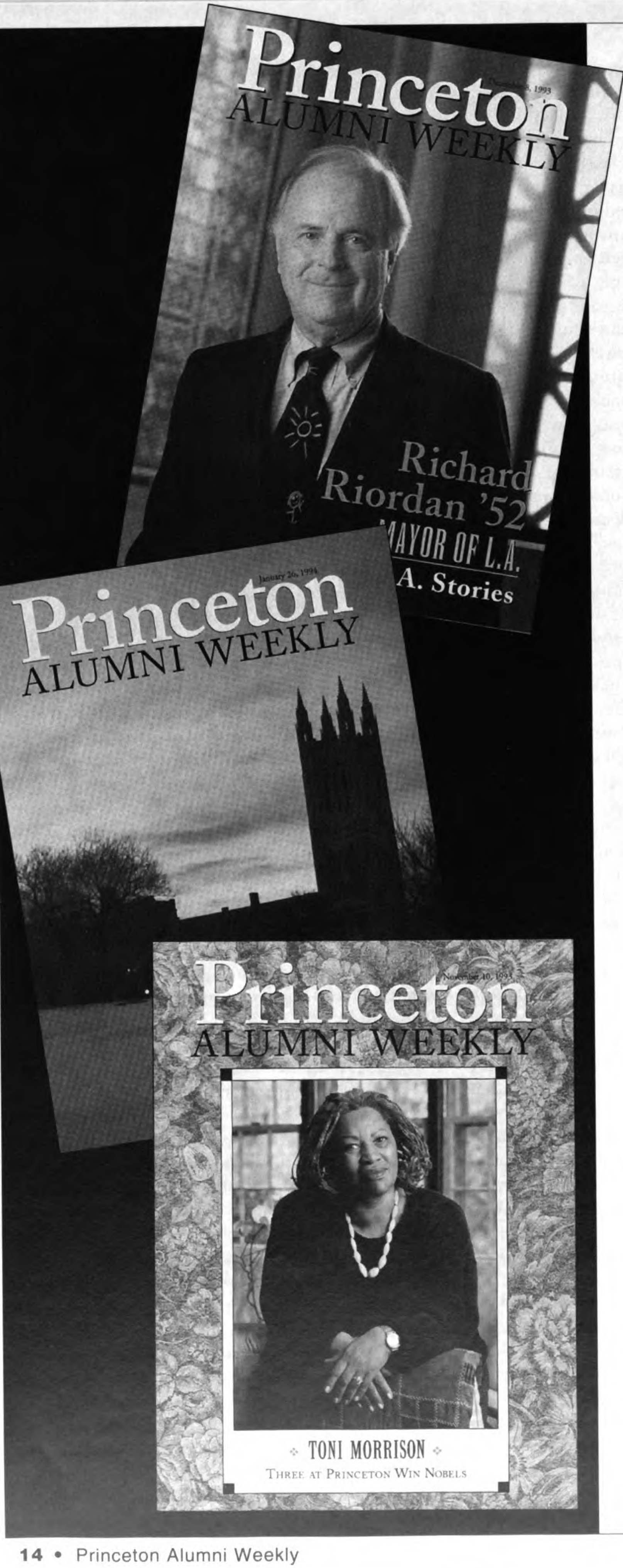

SPECIAL REPORT:

WHO PAY$ FOR PAW?

An Alumni Council Committee Looks at the Financing of YOUR Magazine

LAST FALL, AN AD-HOC COMMITTEE OF the Alumni Council met to review PAW's financing. The Special Committee on the *Princeton Alumni Weekly* was convened in part to respond to some classes' complaints that paying for PAW subscriptions for all their members places too great a burden on their treasuries. Luther T. Munford '71, the vice-chairman of the Alumni Council, chaired the committee. The other members were George D. Eggers '47 *65, Robert L. Ireland '76 (chairman of the Class Affairs Committee of the Alumni Council), Karen Magee '83 (chairwoman of PAW's Publications Committee), Sanford C. Nemitz '54, Cynthia Tougas Penney '83 (a member of PAW's Editorial Committee), and Clyde E. "Skip" Rankin '72.

The committee recommended that the current system of financing PAW be continued but that further steps be taken (1) to explain to class officers the ways in which the system benefits the classes, and

(2) to encourage PAW to do more to help classes collect dues. Munford wrote the committee's summary report, the text of which follows.

PRESENT PAW FINANCING

Of PAW's present annual budget of approximately $1.1 million, alumni classes pay $576,240, or 52 percent. Outside advertising provides 29 percent of PAW's income, and the university provides about 19 percent. The university pays for faculty, staff, and undergraduate subscriptions, for university advertising, and for twenty PAW pages used by the president each year.

Classes pay for subscriptions for each class member, whether or not that class member has ever contributed financially to the university or to the class. Graduated subscription prices ease the burden on younger classes. For example, the youngest alumni class pays $4.38 per class member, while classes out thirty-two to fifty-one years pay $17.40 each. The average subscription price is $13.62.

Classes make these payments out of class dues. Class dues range from $25 to $50 per class member. Dues-paying rates in 1992 ranged from a low of 21 percent (the Class of 1985) to a high of 90 percent (the Class of 1935).

THE PROBLEM

New class officers are frequently shocked to discover the high percentage of class dues allocated to support PAW. The average class spends $7,027 on subscriptions to PAW, or about 80 percent of the class dues collected. Classes are required to buy PAW subscriptions for their entire membership, whether or not each member receiving a subscription has paid dues to the class. Only about 44 percent of all alumni pay class dues. Thus, that 44 percent subsidizes the subscriptions received by the remaining 56 percent.

According to a report for fiscal year 1992, this problem was so acute for eleven classes that their total dues collections were not sufficient to cover their PAW bills, and thus these classes ran a deficit that year.

The Special Committee was asked to consider alternative means of financing PAW that might alleviate this problem. The committee considered two options: (1) sending PAW to only those class members who pay dues, or (2) seeking additional university funding to cover subscriptions for those class members who do not pay dues.

A SUBSCRIPTION SYSTEM?

Some class officers have argued that PAW should be sold on a subscription basis, i.e. only class members who pay dues should receive the magazine. While this proposal sounds fiscally attractive, in fact it would either undermine communications with class members or result in relatively little savings to class treasuries.

Currently, the classes pay approximately $576,000 to PAW each year, or about $7,000 for each of the most recent eighty classes. If PAW subscriptions were cut by 56 percent, however, PAW's funding requirement would fall by only $176,000, or $2,150 per class. The reduction in expenses would not be proportional to the reduction in subscriptions because there are numerous fixed costs, e.g. printing, editorial fees, and staff salaries. Reducing subscriptions would not reduce these costs. Also, reducing subscriptions would reduce advertising revenues, and additional subscription income would be needed to make up the shortfall.

In a true "subscriber pays" system, in which all alumni were charged the same fixed amount, that price would rise from the current average of $13.62 to an average of $17.90 per subscription. This increase would be necessary to spread the fixed costs over a smaller subscriber base.

Charging the same price to all alumni would hit the ten youngest classes especially hard. They are now charged a lower, subsidized rate. If they were charged $17.90 per dues payer, their total PAW bills would rise, while the number of their class members receiving PAW would fall by about 70 percent. These younger classes could be subsidized by the older classes, but to do so would cut into the average $2,150 in subscription savings that would otherwise accrue to the older classes.

The university keeps a list of class members who have paid their dues, and it would not be particularly burdensome for the university to turn this list over to PAW. Difficult questions might arise, however, as the classes attempted to administer a subscription system. For example, would a class member who contributed to Annual Giving but did not pay class dues be entitled to a PAW subscription? Would a class member who had paid class dues for several years but then missed a year be entitled to a PAW subscription? The more adjustments that were made in the subscription system to take into account considerations of equity, the more difficult the system would be to understand and to administer.

The most serious problem with a subscription system, however, is that, assuming classes wanted to continue the same level of class communication, they would be forced to spend on newsletters most if not all the money saved. Taking $800 as the average cost of a newsletter, a class that substituted three newsletters a year for the existing seventeen Class Notes columns would, for all practical purposes, be no better off financially than it is under the current system. It would spend $2,400 to save $2,150.

Moreover, while class newsletters are highly desirable as supplements to PAW, it is unlikely that they would duplicate PAW in terms of frequency, professional editing, and information about the university as a whole. Anyone who has been a class secretary can attest that PAW deadlines are a substantial incentive to class communication that might not otherwise take place.

If a class failed to maintain communication with

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all its members, it would, in essence, be redefining the concept of a class. (You're a member of a class if you matriculated as an undergraduate at Princeton. See the definition of alumnus / alumna in the Constitution of the Alumni Association of Princeton University, Article I.) Stopping communication to those who do not pay would be possible only if "class" were redefined to include only dues payers. Such a redefinition would be offensive to some of the strongest Princeton traditions, including the belief that ability to pay should be irrelevant to participation in the life of the university.

PAW can thus be seen as a very cost-effective way to maintain communication with all class members. If PAW did not exist, it would be worth inventing.

Of course, classes might choose not to spend the money saved on newsletters or other class communications. Class officers could, if they chose, either reduce dues or spend the funds on class events. There is some question, however, about the extent to which class treasuries should be used to finance events that, at best, will be attended by only a small number of class members. User fees can normally cover the cost of these events. Also, reduced fees do not necessarily increase attendance at class events such as reunions. There is some evidence that, within reason, price is not a principal factor governing attendance.

PAW can thus be seen as a very cost-effective way to maintain communication with all class members. If PAW did not exist, it would be worth inventing. Each class gets seventeen Class Notes columns sent to all its members each year at a cost far lower than the class would incur if it were to rely solely on its own newsletter. PAW also provides more than newsletters would provide. Because the classes have pooled their resources, and both the university and advertisers provide additional funds, class members receive not only information concerning their particular classes but information about other classes and the university as a whole.

In summary, a comparison to a subscriber-only system shows that sending PAW to all class members is an efficient means of communication. The question remains, however, whether the university should do more to subsidize that communication.

SHOULD THE UNIVERSITY PAY MORE?

Currently, the university funds approximately 19 percent of PAW's budget. It has been suggested that, if maintenance of class unity is beneficial to the university, it is the university that should pay for PAW subscriptions for class members who do not pay class dues. The additional amount the university would pay would depend on the dues-paying rates of the individual classes and the amount each class has to pay under the current sliding-scale subscription formula, but it can safely be estimated that this amount would be at least $285,000.

There are at least two objections to asking the university to provide additional funding to PAW.

First, the university projects a $2 million deficit for the current year. It is unlikely that the university would be willing to cut funds for academic programs in order to increase funding for alumni affairs. Rather, the university would, in all likelihood, seek to balance an additional contribution to PAW of $285,000 ($494,000 in total) with a corresponding cut in other funding of alumni activities. The Alumni Council's current annual budget, excluding salaries, is $700,000. The Special Committee believes that the current activities of the Alumni Council are meritorious and should be continued, and the committee does not believe that it would ultimately be beneficial to the university to ask the Alumni Council to make this sacrifice to add a few thousand dollars extra, on average, to each class treasury.

Even if a source of university funding could be found, however, the Special Committee seriously doubts that it would be in the best interest of PAW to lose the measure of independence it now enjoys by being only 19 percent funded by the university. The committee's survey of the editors of the members of the Ivy League Magazine Network found that other alumni magazines' dependence on funding from their universities has resulted in:

- Pressure to profile large donors, or potentially large donors.
- Pressure to ignore or play down problems and controversy.
- Pressure for extensive coverage of capital campaigns.
- Pressure to submit potentially controversial stories for review by the administrator or department involved.
- Editors' being required to submit galleys of all articles quoting the president.

L.A.
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Sports
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Men cagers confront a shallow bench, faster tempo, and formidable Penn

Class Notes
From the Archives

• An editor's being convinced that salary increases depend on his toeing the line.

• Presidents' phoning editors directly when displeased with stories.

• Printed issues' being routinely reviewed by the development office and returned to the editor covered with suggestions and criticisms.

• Cutbacks in funding, reducing editorial staff and editorial independence, after annual review in the university's budgeting process.

These matters are intangible, but the Special Committee believes they are important. The independence of PAW plays an important role in the alumni's confidence in the university. If there were a problem, PAW would tell them. Alumni are more likely to invest their confidence in Princeton if they have an independent source of information about Princeton—just as, to use a commercial analogy, investors are more likely to place their investments in a mutual fund if they can subscribe to an independent newsletter that tracks the administration of the fund.

WHAT CAN BE DONE?

While the Special Committee feels that neither of the proposed alternatives is satisfactory, there are steps that can be taken to address the problems of both perception and reality now faced by the classes. These include:

(1) Class officers could be better informed about the purpose and justification for the current system of PAW funding. If it chose to do so, the Executive Committee of the Alumni Council could make this report available to all class officers, include this information in the current class officers' handbook, or take other steps to publicize the justification for PAW's funding system. "All About PAW," a pamphlet mailed to class treasurers and presidents last summer, also could be more broadly distributed. A videotape explaining PAW's funding might be produced and distributed.

(2) The problem of classes' not collecting sufficient funds to cover PAW subscriptions has two components. Of the eleven classes that in fiscal year 1992 fell into this category, seven—1936, 1963, 1968, 1973, 1974, 1975, and 1983—charged less than $30 in annual dues. Most classes charge more than this; a few have dues as high as $50. Within this range, there appears to be no correlation between the dues charged and the percentage of class members contributing. In other words, these eleven classes could probably increase their dues enough to cover their PAW subscriptions, without suffering any significant decline in the percentage of dues payers. The dues for these classes would still be in line with those of their peer classes.

A smaller number of classes, including 1966, 1973, and 1975, have dues-paying rates lower than 30 percent. Those who have served as class treasurers believe that these percentages could be increased by using better, more frequent mailings and explaining to class members the importance of dues and their connection to PAW.

(3) PAW itself can help class officers collect dues in at least three ways: by running each year a "wraparound" cover reminding alumni of the need to pay dues to contribute to the support of PAW; by changing the statement on its masthead to more clearly indicate the importance of class dues in supporting PAW; and by considering other changes in its presentation that would tie the magazine's financing to its class-dues base.

The independence of PAW plays an important role in the alumni's confidence in the university. If there were a problem, PAW would tell them.

Acknowledgments

This report is based in part on investigative studies by members of the Special Committee. These studies analyzed the cost of administering alternative subscription systems (Eggers), polled class presidents concerning communications with members of the classes (Ireland), created a hypothetical income statement for PAW based on a "subscriber pays" system (Magee), examined the relationship of PAW's funding to the university's budgeting (Munford), surveyed other Ivy magazine editors on the question of editorial independence (Penney), and looked at steps PAW could take to assist classes in increasing dues participation (Rankin). Copies of these studies are available on request to Lydia Sferra, Alumni Council, Princeton, NJ 08544. Comments concerning the committee's findings should be sent to Luther T. Munford '71, care of the Alumni Council. Copies of the pamphlet "All About PAW" are available on request to J. I. Merritt '66, *Princeton Alumni Weekly*, 194 Nassau St., Princeton, NJ 08542.