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# Transforming APA

NEW STRUCTURES FOR A NEW ERA



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# Acknowledgments

TRANSFORMING APA: NEW STRUCTURES FOR A NEW ERA

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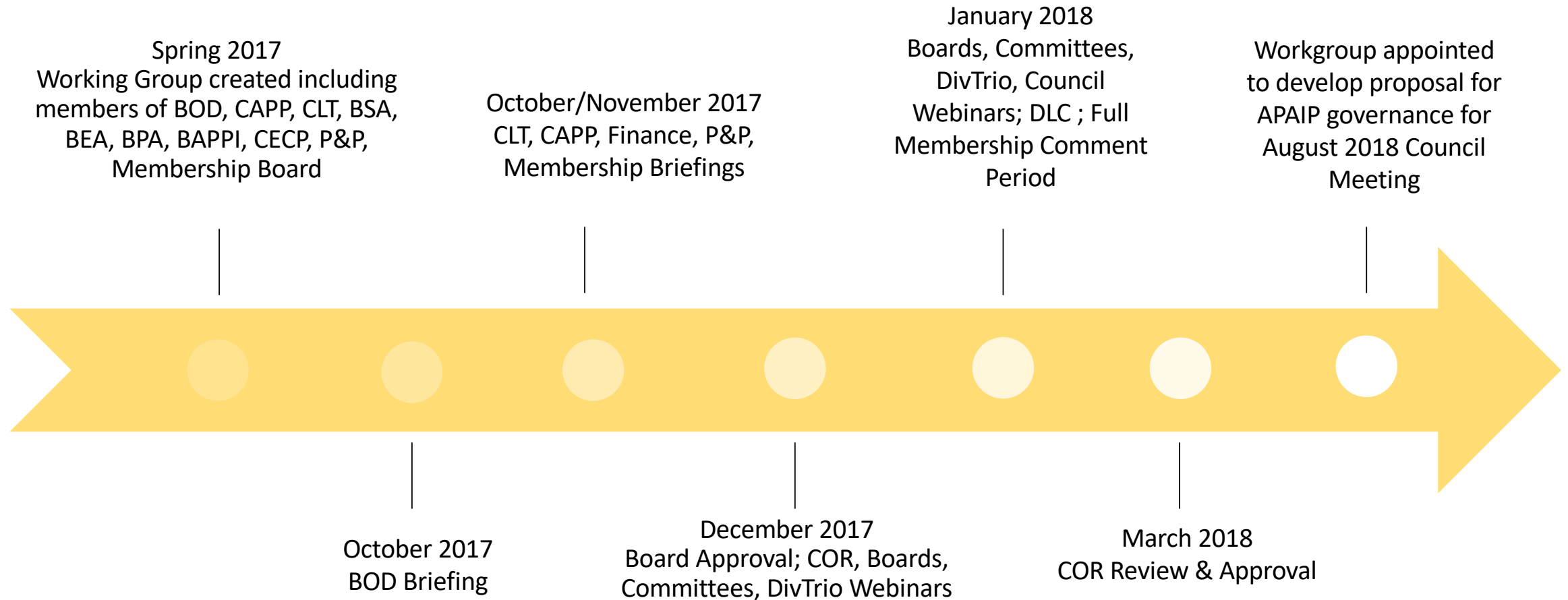
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# Project Timeline

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# 501(c)(3) vs 501(c)(6) Organizations

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## INTERNAL REVENUE CODE 501(C)(3) ORG.

Scientific and educational charity (for field, for public); APA is 501(c)(3).

Dues/contributions fully deductible from income tax.

**Cannot influence legislation as a substantial part of its activities (\$1m cap – penalty for overage).**

**Cannot offer voter guides or legislator scorecards.**

**Cannot establish a political action committee (PAC).**

**Restricted in offering pocketbook solutions to members.**

## INTERNAL REVENUE CODE 501(C)(6) ORG.

A Professional Association (for psychologists); APAPO and proposed APAIP are 501(c)(6).

Dues likely deductible from income tax as professional expense.

**Unlimited lobbying on relevant issues.**

**Can offer voter guides or legislator scorecards.**

**Can establish a political action committee (PAC).**

**May safely offer professional benefits proportional to dues.**

# Guiding Principles

1. Design an organization that enables APA to seamlessly meet member expectations around advocacy and member benefits.
2. Ensure current combined budgets is the minimum for all advocacy and government relations programs, across practice, science, education and public interest. Go forward goal is to grow these budgets.
3. Enhance support for state level advocacy and increase collaboration with state psychological organizations.
4. Give APA a stronger advocacy voice on issues important to psychology and psychologists.
5. Get broad stakeholder input into the design and implementation of the proposal.
6. Focus on capacity vs structure.



# Proposal for Restructuring APA Membership

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- All members belong to both 501(c)(3) and 501(c)(6) automatically.
- No dues increases as result of change; members continue to pay only their regularly scheduled APA dues.
- Elimination of APAPO dues fees.
- Create a new 501(c)(6) organization tentatively called APA Institute for Psychology (APAIP).
- APAIP funded by member dues, advertising, sponsorships and donations.
- Integrate advocacy, government relations and member benefit development activities currently handled by APA and APAPO.



- Financial position of APAPO – initial discussions lead to vision of broader transformation.
- Increasing need for advocacy at a time when resources are decreasing.
- Significant threats to practicing psychologists (decreasing reimbursement rates; need psychologists in Medicare physician definition, etc.).
- Psychology lags almost all other STEM fields in Federal research funding.
- Current political climate unfriendly to science; federal funding cuts threaten all of psychology (research, education, public interest, practice) including newly proposed “salary caps” for researchers compensated by grant money (purely C6 issue).
- Member expectation that APA will deliver a broad range of member benefits currently prohibited by the Association’s 501c3 status.
- APA has limited ability to respond to a increasingly complex and rapidly changing political environment.

# Expanded Opportunities and Resources

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- Unrestricted lobbying at Federal, State and Local levels.
- No external limits on grassroots lobbying expenditures.
- Ability to create a broad psychology Political Action Committee (PAC) and attend political fundraisers.
- Can expressly advocate for the election or defeat of a specific candidate.
- May publish voter guides or legislative scorecards.
- Able to conduct get-out-the-vote and voter registration drives.
- Can create and deliver unlimited professional member benefits.

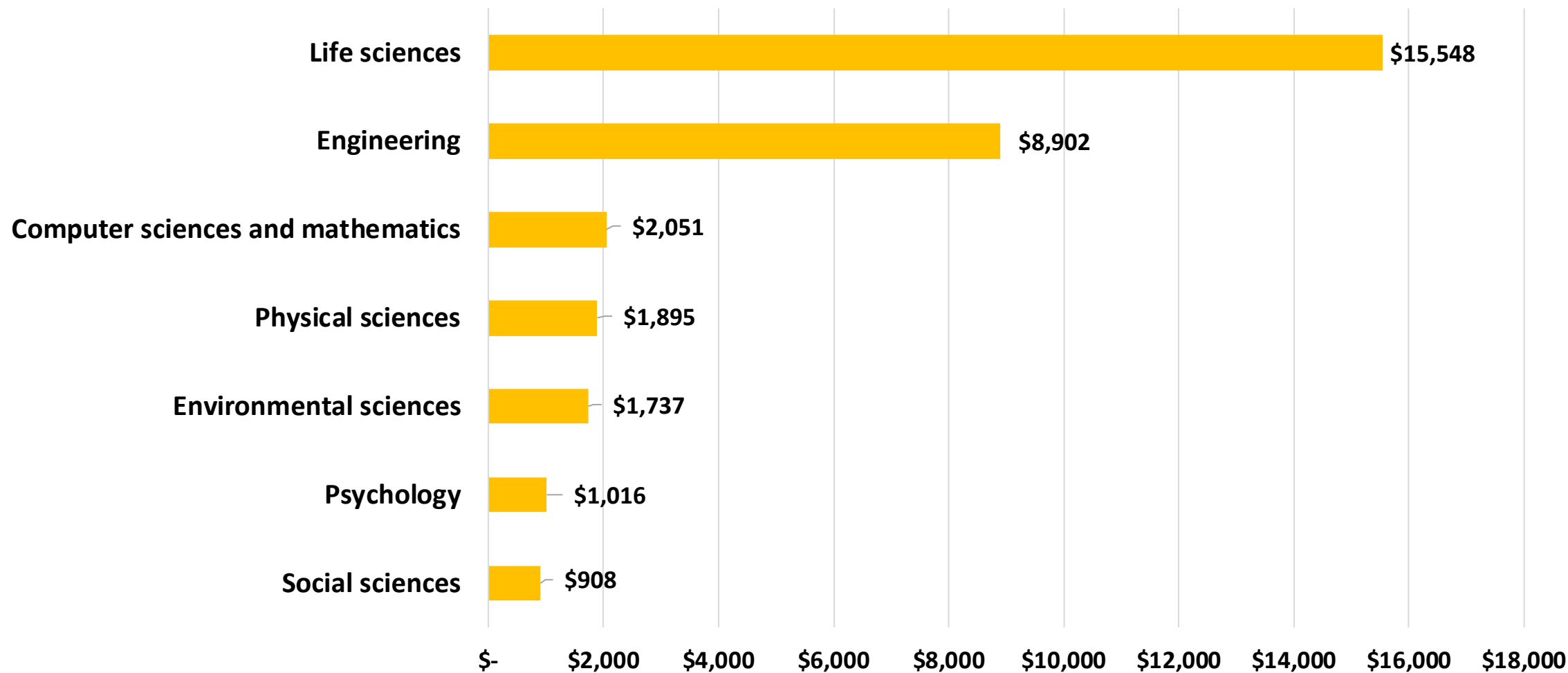


“The Budget proposes two initiatives that will stretch available grant dollars to fund more research by placing limits on the payment of investigator salaries with them. The Budget will both cap the percentage of investigator salary that can be paid with grant funds to 90 percent of total salary, and reduce the limit for salaries paid with grant funds from \$187,000 to \$152,000.”

HHS Fiscal Year 2019  
Budget Document



# Funding for Basic & Applied Research

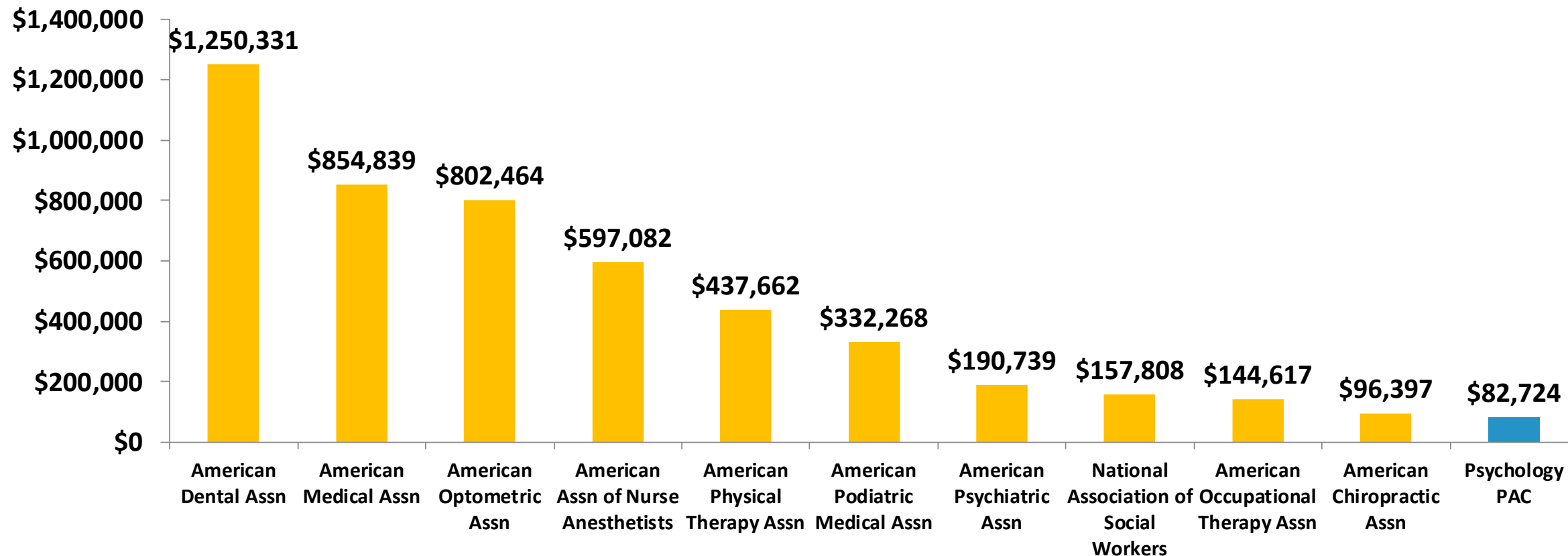


\* NIH and NSF Funding 2014 -2017; dollars in millions

\*\* some psychology or neuropsychology research funding found in social sciences and life sciences

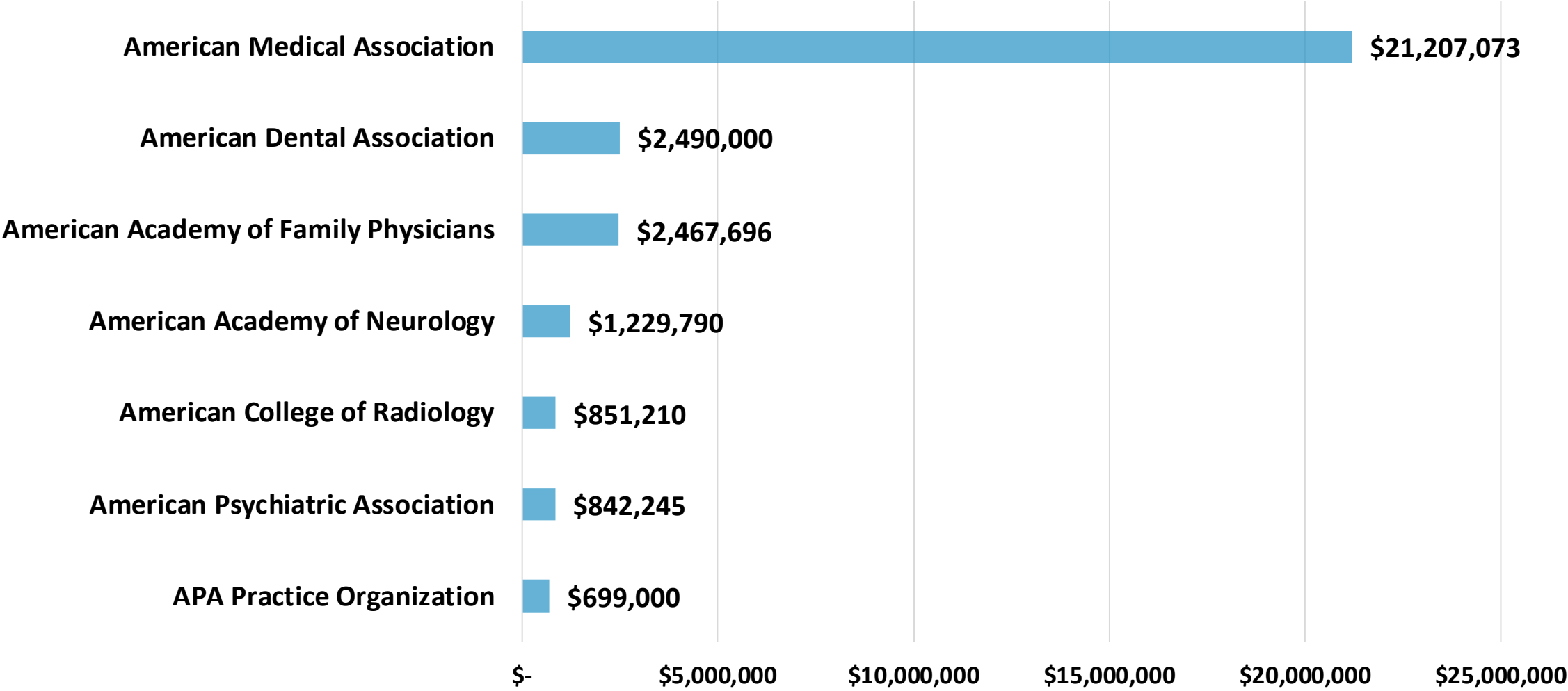
# Political Giving By Association (2017 YTD)

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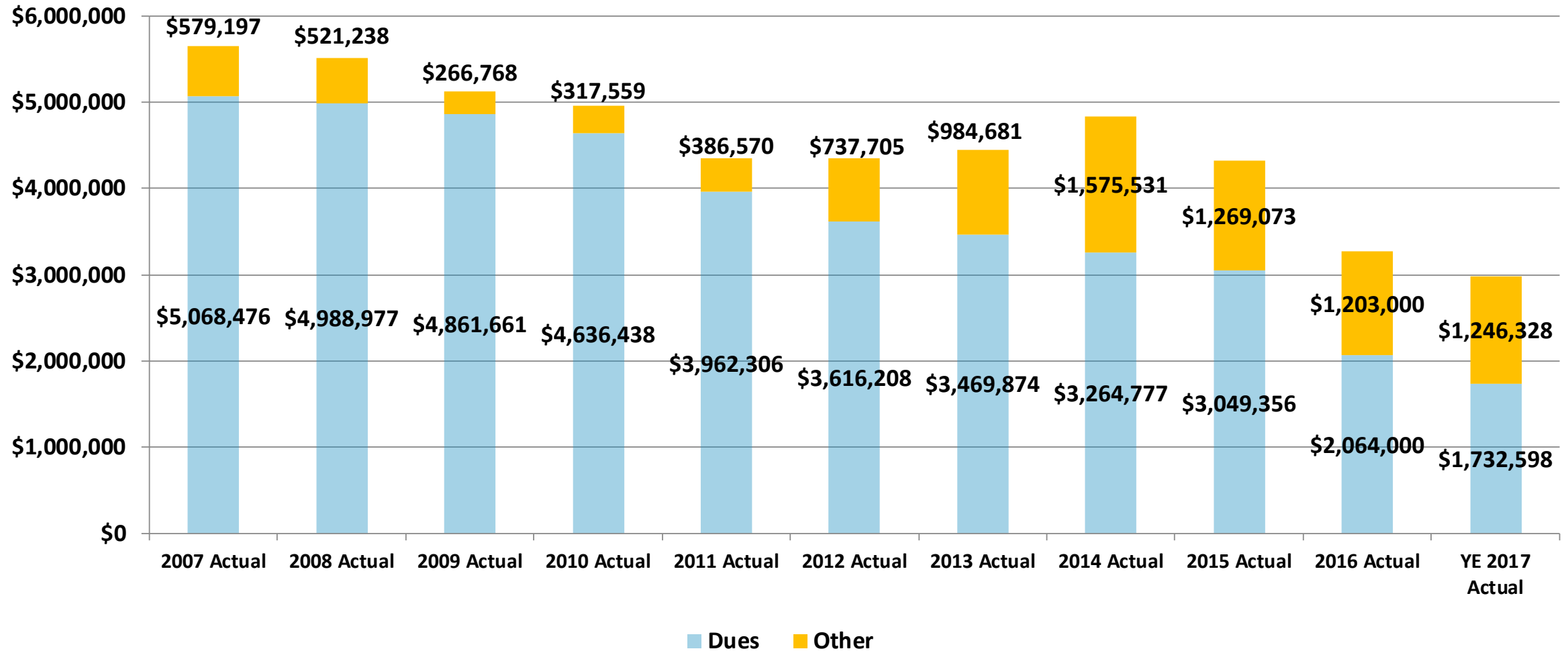
# Annual Direct Lobbying Spend

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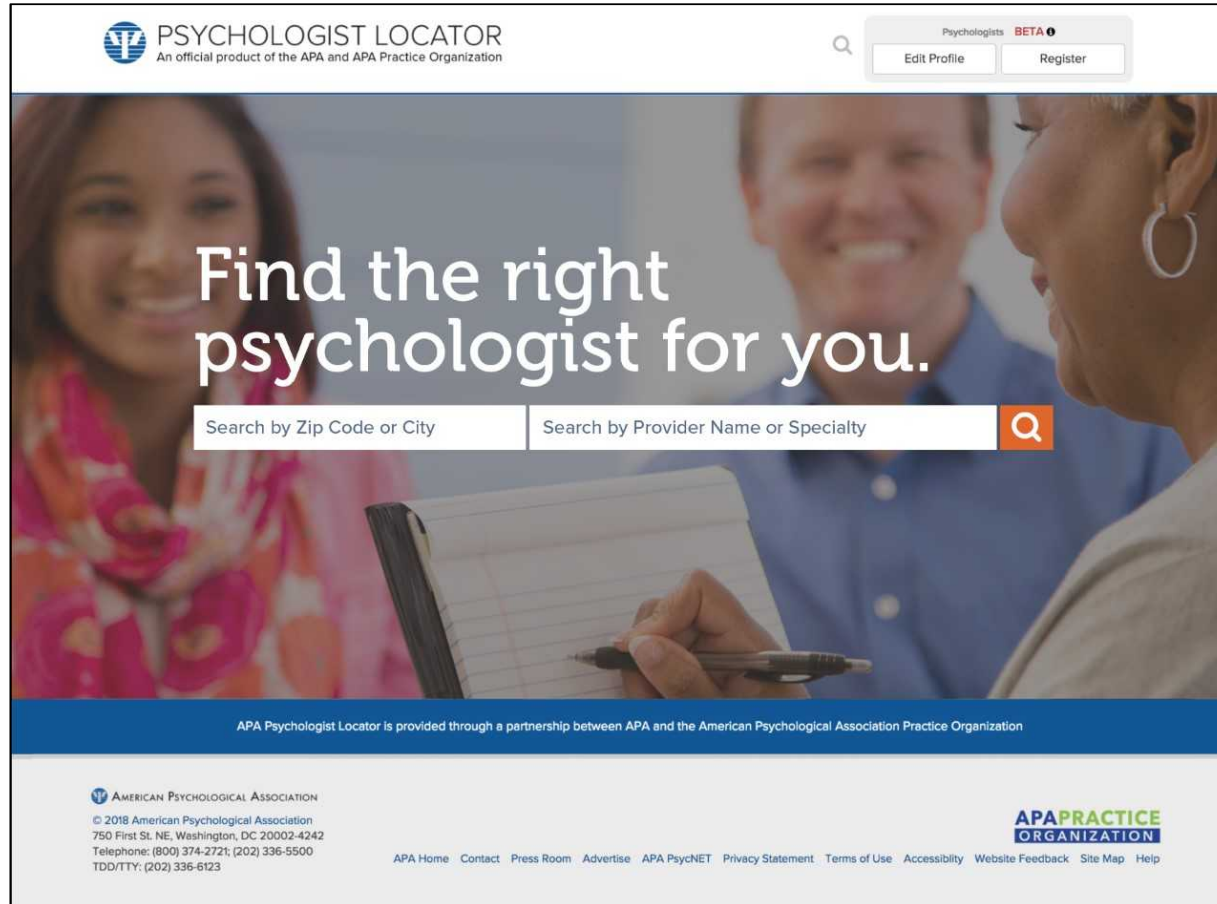
# APA Practice Organization Revenues

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## Examples:

- Psychologist Locator(s)
- Fee Database
- Business of Practice Resources
- Salary Surveys
- Negotiation Training
- CV/Resume Enhancement
- Career Counseling
- Legal Consulting



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# Initiatives Ready to Go Upon Approval

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- **Practice** – Push additional resources to fighting for reimbursement within the Medicare/RUC/CPT coding process (i.e. research, legal experts, additional staff); Invest further in pursuing inclusion of psychologists in Medicare “physician” definition to permit full scope of practice.
- **Science** – Hire new staff to support increased advocacy focused on NIH/AHRQ/DHS/EPA/DOE and other agencies; Increase grass roots science advocacy; Advocate for protection of grant related salaries.
- **Public Interest** – Create a multi-disciplinary behavioral health initiative focused on the opioid crisis, advocating for robust investments in evidence-based approaches that prioritize training, prevention, treatment, research, and reimbursement for the health care workforce.
- **Education** – Enhance and expand current work around student loan forgiveness and protection of the Graduate Psychology Education program.

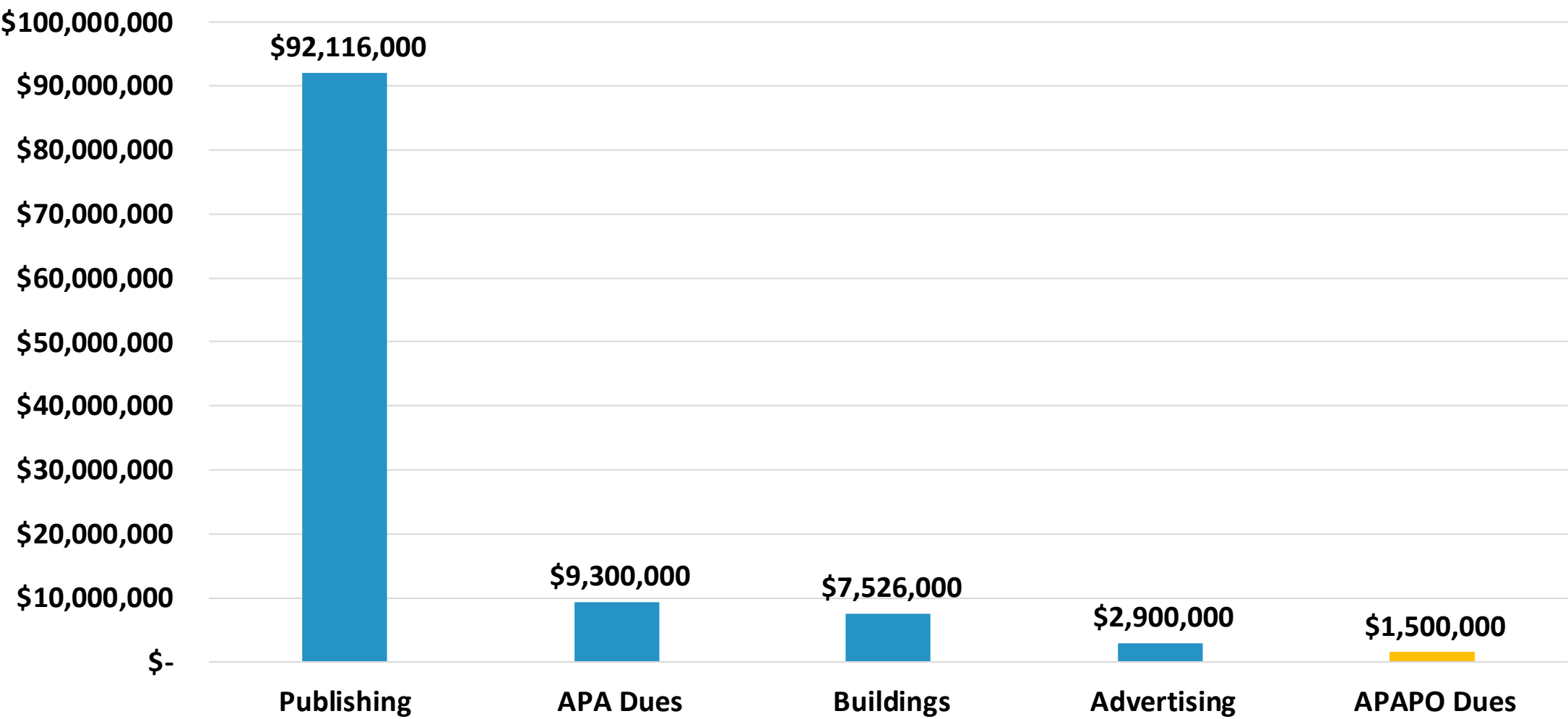
# FINANCES

# Tax Deductibility

- 501(c)(3) employers can reimburse for professional dues under IRS tax law.
- There is no general prohibition on federal employees belonging to a 501c6 organization, though many federal employees cannot personally participate in lobbying.
- Dues will be apportioned between APA and APAIP each year.
- Assuming a 50/50 split of a \$199 membership with 30% of APAIP's expenditures going for direct lobbying: \$99.50 is fully tax deductible as charitable expense; \$69.65 is deductible as a business expense; \$29.85 is not-deductible.



# APA Revenue Sources



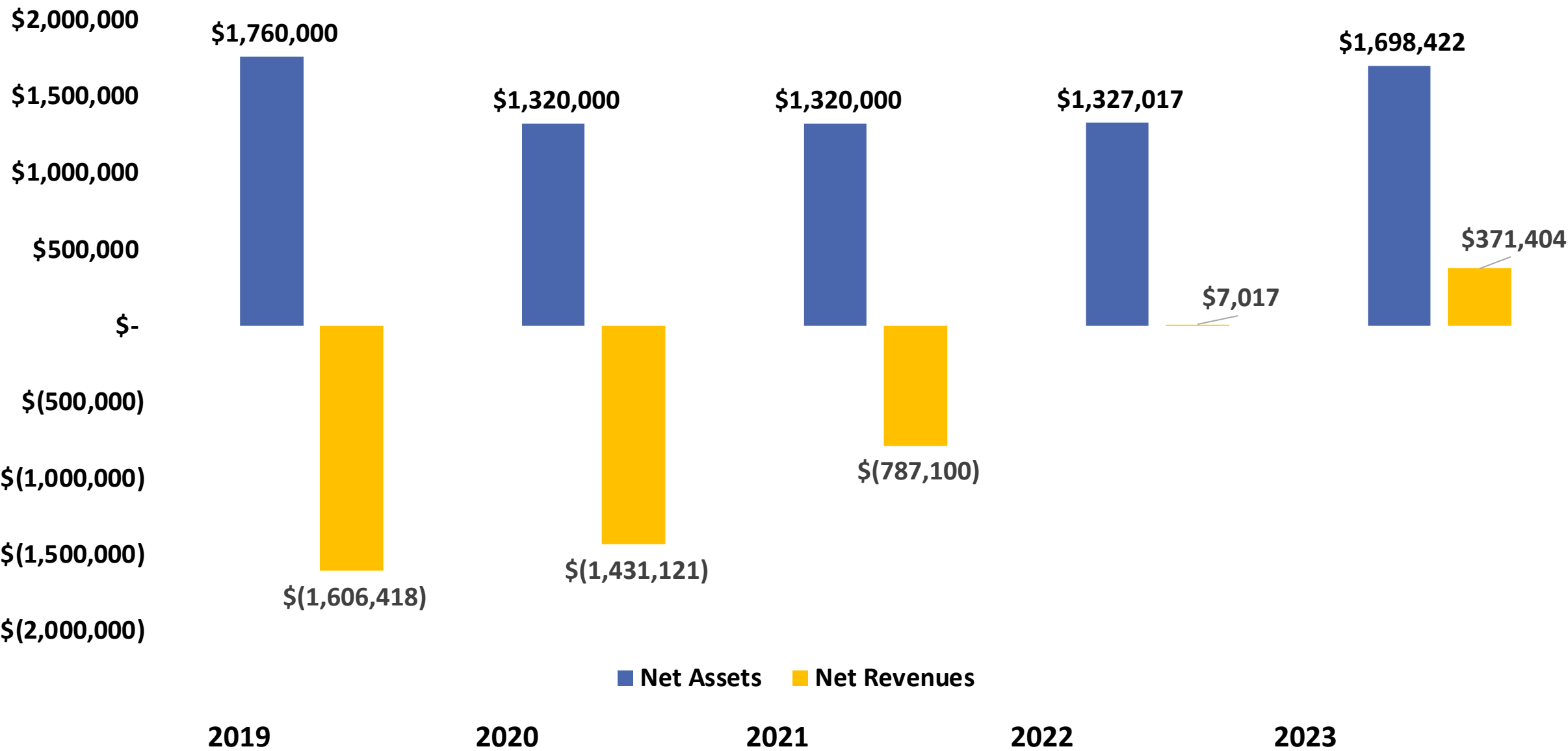
# APAIP Proforma (sample)

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|                               | 2019           | 2020           | 2021         | 2022         | 2023         |
|-------------------------------|----------------|----------------|--------------|--------------|--------------|
| <b>Revenues</b>               |                |                |              |              |              |
| Dues Revenues                 | \$ 5,033,118   | \$ 5,175,896   | \$ 5,395,635 | \$ 5,644,752 | \$ 5,779,139 |
| Non-Dues Revenues             | \$ 803,000     | \$ 1,107,318   | \$ 1,817,000 | \$ 2,362,000 | \$ 2,892,000 |
| Total                         | \$ 5,836,118   | \$ 6,283,214   | \$ 7,212,635 | \$ 8,006,752 | \$ 8,671,139 |
| <b>Costs</b>                  |                |                |              |              |              |
| Advocacy & Lobbying           | \$ 5,034,176   | \$ 5,234,176   | \$ 5,384,176 | \$ 5,384,176 | \$ 5,584,176 |
| Operations                    | \$ 2,030,359   | \$ 2,030,359   | \$ 2,130,359 | \$ 2,130,359 | \$ 2,230,359 |
| Loan Service                  | \$ 78,000      | \$ 124,800     | \$ 135,200   | \$ 135,200   | \$ 135,200   |
| Content Startup               | \$ 300,000     | \$ 325,000     | \$ 350,000   | \$ 350,000   | \$ 350,000   |
| Total                         | \$ 7,442,535   | \$ 7,714,335   | \$ 7,999,735 | \$ 7,999,735 | \$ 8,299,735 |
| <b>Net Revenues</b>           | \$ (1,606,418) | \$ (1,431,121) | \$ (787,100) | \$ 7,017     | \$ 371,404   |
| <b>Inflows</b>                |                |                |              |              |              |
| Transfer from reserves        | \$ 440,000     | \$ 440,000     | \$ -         |              |              |
| Draw from \$5m line of credit | \$ (1,166,418) | \$ (991,121)   | \$ (787,100) |              |              |
| <b>Net Operating Budget</b>   | \$ -           | \$ -           | \$ -         | \$ 7,017     | \$ 371,404   |
| <b>Net Assets</b>             | \$ 1,760,000   | \$ 1,320,000   | \$ 1,320,000 | \$ 1,327,017 | \$ 1,698,422 |

# Net Revenues and Net Assets

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# Governance and Budgeting Process

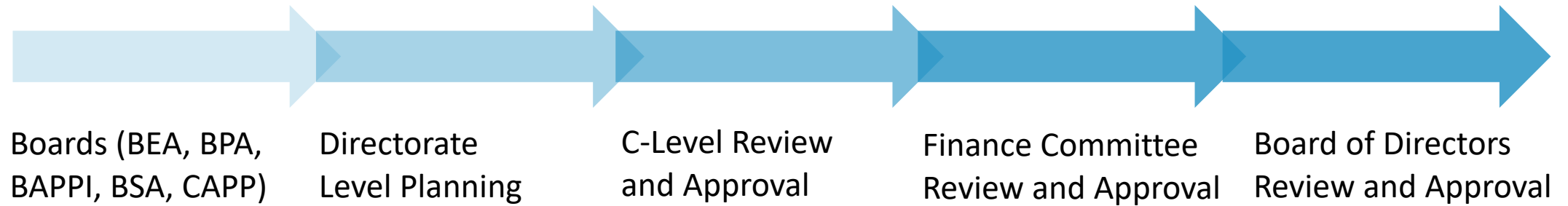
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- If Council approves concept—APA President appoints representative workgroup to create governance recommendations.
- Council receives regular updates between March and August.
- In August, Council evaluates workgroup recommendation and adopts governance structure.
- Budget allocation fits within current APA processes.
- Current systems stay in place until all aspects of proposal are formally approved.



# Current APA and APAPO Budgeting Process

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**Member Input**  
January 2018

Communicate to all members via  
webinars, documents, emails.  
In progress.



**Council**  
March 2018

Concept review and approval.  
Member agreement review and approval.  
COR asks President to appoint representative workgroup.



**Council**  
August 2018

Operational proposal and implementation plan.  
Governance structure review and approval.  
501(c)(6) bylaws adoption.

# More Information and Feedback

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View a video message from APA CEO Arthur Evans

<https://www.youtube.com/watch?v=-F3RVe-xfHw>

View a recorded one-hour webinar on the proposal

<http://psyciq.apa.org/transforming-apa-new-structures-new-era/>

Read a Frequently Asked Questions document

<http://psyciq.apa.org/wp-content/uploads/2018/01/Transforming-QA-1.pdf>

Please provide your feedback via our member comment site

<http://www.surveymoz.com/s3/4139840/PublicMemberComments>



Questions?

