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This past year was an eventful one for APA and for me. As the year began, energy was focused on an effort started in 2002 to bring the association’s annual budget back into balance after difficult years in 2001 and 2002. As you will read in the report of our Treasurer, Dr. Gerald Koocher, 2003 ended with a healthy surplus. This budget turnaround was the result of hard financial decisions, many of which had to do with the frequency of governance meetings and the association’s staffing levels and employee benefits. These budget cuts were not easy to make, but they produced important results in quickly returning the budget from a deficit to a surplus and thereby ensuring the continued strength of the association. I would like to especially thank the Finance Committee, the Board of Directors, and the Council of Representatives for the role each played in making the difficult decisions regarding ways to trim the association’s spending. I would also like to thank the APA staff for their efforts to do more with less in the past year.

Last year was also my first year as your CEO. This job is a wonderful array of issues, challenges, and opportunities for psychology. It was a joy for me to become fully immersed in the topics and interact with the people who make up this incredible field. Before joining the APA staff, I had considered myself to be a knowledgeable and engaged member. However, once I arrived at the Central Office, I found that every day I learned something new about all that APA does to promote psychology and to be of service to its members. I invite you to review this annual report, including reports of the association’s directorates and offices about their activities during the past year. Also included is Past President Robert Sternberg’s report on his presidential year.

There is so much that APA is doing to fulfill its mission to advance psychology—this report can only begin to describe those activities to you. My hope is that our products and services are of great value to you, from the time you enter graduate school through the conclusion of your professional career. I encourage you to avail yourself of what APA has to offer, and, where the association is not meeting your needs, I encourage you to let us know. You can write to me directly at CEO@apa.org.

In This Issue
Directorate Reports ............... 292
President’s Report ............... 311
Treasurer’s Report ............... 314
In 2003 the Education Directorate continued its mission to advance the education and training of psychologists, the teaching of psychology, and the application of psychology to education.

**Education Leadership Conference**
The 2003 Education Leadership Conference (ELC): Creating a Voice for Education—Assessment, Accountability, and Advocacy, was held on September 5-8, 2003, in Washington, DC.
Participants attended workshops addressing issues of accountability and assessment in undergraduate and graduate education, professional education and training, and psychology’s role in K-12 teacher education. After an advocacy training workshop, the conference culminated with visits to Capitol Hill, during which participants and members of APA’s Federal Education Advocacy Coordinators Network (FEDAC) met with legislators and their staffs to advocate for support of issues currently on APA’s education advocacy agenda. More information on the 2003 ELC, including the APA’s first delivery of streaming audio and video content of selected presentations, is available on the APA Web site at: http://www.apa.org/ed/elc03_homepage.html.

**Advocacy and Public Policy**
Appropriations for the Graduate Psychology Education (GPE) program increased from $2 million to $4.5 million for FY 2003, including $1.5 million for training in geropsychology, despite a tight federal budget. Forty programs received funding during the year, and a competition for a new cycle of 3-year awards was initiated. Language is being sought in the reauthorization of the Bureau of Health Professions that will strengthen the authority and promote permanence for the GPE program.

FEDAC, the directorate’s grassroots network, has now grown to include representatives at 150 psychology education and training programs nationwide.
FEDAC was established to build a campus-based, nationwide, comprehensive education advocacy network to assist the APA Education Public Policy Office efforts to gain increased federal support for psychology education and training.
Rep. Danny K. Davis (D-IL) and Rep. Tom Osborne (R-NE) introduced HR 3593 (Campus Care and Counseling Act) to authorize a new grant program for “centers on campus that provide mental and behavioral health services to students,” a plan designed by APA and intended to become part of the Higher Education Act reauthorization process. APA was also successful in getting its definition of “teaching skills” included in the House version of the Higher Education Act.

**Application of Psychology in Schools, Schooling, and Education**
The directorate was awarded about $2 million by the U.S. Department of Education Institute of Education Sciences for a postdoctoral education research training program that matches experienced mentors with promising psychologists to build psychology’s capacity in school-based research. The directorate was also awarded $467,000 from the McDonnell Foundation to promote “The Other 3 R’s: Reasoning, Resilience, and Responsibility,” an initiative designed to offer a teacher training program that prepares elementary school teachers to enhance students’ reasoning, resilience, and responsibility.
To promote integrated efforts in the application of psychology in education, the directorate fostered the development of the new Coalition for Psychology in the Schools and Education, which now has representatives from 12 APA divisions and other groups with a stake in psychology’s role in K-12 education.

The 2003 Young Scholars Social Science Summit, held in the APA building, attracted over 60 high school students and teachers, who learned how psychologists, journalists, demographers, anthropologists, and geographers address problems of refugees.

Four issues of the Psychology Teachers’ Network were produced, and two unit lesson plans for high school teachers were completed. These lesson plans (Treatment of Psychological Disorders and Stress, Coping, and Health Promotion) join 12 others that are available on APA’s Web site. Another new curriculum resource is the Assessment Cyberguide for Learning Goals and Outcomes in the Undergraduate Psychology Major (http://www.apa.org/ed/guidehomepage.html). This Web site provides a set of resources for program evaluation. Working with the Committee of Psychology Teachers at Community Colleges, staff also developed an electronic project contest and a teaching tips contest for students and teachers at community colleges.

The BEA Task Force on Workforce Analysis in Education and Training produced an extensive bibliography that listed citations for relevant workforce report articles, online databases, and studies. The task force met in November 2003 to develop an initial draft of its report.

A major initiative, the APA Online Academy, was launched at year-end. This Web-based distance education effort is designed to promote and facilitate lifelong learning programs for psychologists and for other professionals who need psychological knowledge...

BEA initiated and outlined a new award related to innovative practices in graduate education in psychology. The first awards were presented to The Pacific Graduate School of Psychology in collaboration with Stanford University for research and training of clinical psychology doctoral students on responding to a terrorist attack. Also awarded was Penn State University’s psychology department for its Specialization in Cognitive and Affective Neuroscience (SCAN) program, which has blended the study of the brain with traditional areas of psychology.

There were 152 continuing education workshops at the 2003 APA Annual Convention attended by 417 participants. In addition, 25 new independent study programs were developed. A major initiative, the APA Online Academy, was launched at year-end. This Web-based distance education effort is designed to promote and facilitate lifelong learning programs for psychologists and for other professionals who need psychological knowledge (e.g., classroom management for teachers). Programs are in development in collaboration with other APA directorates.

Finally, the Continuing Professional Education Committee (CPEC) approved 23 new organizations as sponsors of continuing education. There are currently 740 APA-approved sponsors. In addition, CPEC continued the revision of the Sponsor Approval System criteria based on input from governance and the public comment process.

During this reporting period, there were 864 APA-accredited programs in professional psychology: 365 doctoral programs, 472 internship programs, and 27 postdoctoral residency programs.
Science Directorate

One of the principal aims of the Board of Scientific Affairs (BSA) and the Science Directorate is to support the work of members of the science constituency, and, therefore, psychological science broadly, through a wide variety of programs and activities. Highlights of science activities in 2003 follow.

Science Directorate Advanced Training Institutes (ATIs) provide psychological scientists with intensive, hands-on training in new methods or cutting-edge techniques in scientific psychology. Three weeklong ATIs were held in 2003—on fMRI research, longitudinal research methods and measurement, and on using large-scale databases in research. As of late 2003, 360 individuals had graduated from an ATI since the program’s inception in 2000.

The Academic Career Workshops provide advanced graduate students with practical advice on how to obtain academic research jobs. Held primarily at specialty society and regional psychological association meetings, the workshops cover the varieties of academic settings, writing the right cover letter, navigating a job interview, and negotiating starting conditions. In 2003, workshops were held at meetings of the Asian American Psychological Association, the Society for Research on Child Development, the Cognitive Development Society, the Western Psychological Association, and the Human Factors and Ergonomics Society.

Monitoring Research Regulation
The regulation of research is among the hottest of topics in the science community. The Science Directorate’s Task Force on Research Regulation is focusing on a broad range of concerns, including producing educational and informational materials to facilitate researcher–IRB interactions.

The BSA received final reports from several task forces in 2003, including Behavioral Genetics, Testing on the Internet, and Research on the Internet. The above-mentioned Task Force on Research Regulation began its work in 2003. The reports from these work groups provide information on emerging issues and will help guide BSA’s future actions in these areas.

Communication Products
The Science Directorate took a leap into electronic information dissemination by moving its print newsletter, *Psychological Science Agenda*, to a Web-based product in 2003. It is now distributed electronically every month, with Web-enabled links to other information on the APA Web site.

PSWIN is a weekly electronic newsletter for psychologists who conduct research applicable to the workplace. Hundreds of psychologists rely on PSWIN, launched in June 2002, for information about funding, federal legislation, and regulatory action.

Located at [http://www.apa.org/science](http://www.apa.org/science), the directorate’s Web site is fast becoming a significant informational resource for scientific psychologists. Among the new features in 2003 were expanded pages in behavioral genetics, data sharing and archiving, testing and assessment, research regulations, and psychology in the workplace, as well as expanded and more user-friendly resources on directorate resources.

Directorate Programs
The directorate provides support for students through a variety of programs, including the highly successful Dissertation Research Awards and Student Travel Awards. Since their
inception in 1988, the programs have dispersed about $1.3 million to more than 1,800 graduate students. In 2003 alone, 150 graduate students received these awards. APA has sponsored the Summer Science Institute (SSI) since 1996, giving talented undergraduate students an in-depth exposure to psychological science. The Science Directorate held another successful week in 2003, with the Psychology Department at Washington University at St. Louis serving as host. As of 2003, more than 280 students have graduated from the SSI.

The Scientific Contribution Awards honor distinguished colleagues for their contributions to the discipline. Begun in 1956, these are among the most well-established awards in scientific psychology. Recipients in 2003 included Stephen Ceci, Lila Gleitman, Elizabeth Loftus, Bruce McEwen, and Claude Steele. Early Career Award recipients were Isabel Gauthier, Steve Heine, Sandra Murray, Nancy Petry, Richard Robins, and Daniel Simons.

The Meritorious Research Service Commendation, begun by the BSA in 2002, honors psychologists in the federal government who promote the discipline through their efforts to support research and programmatic activities. Recipients in 2003 were Steven Breckler, Edgar Johnson, Peter Kaufman, Lisa Onken, and Delores Parron.

The Decade of Behavior, an interdisciplinary initiative supported by the Science Directorate, sponsored four Distinguished Lecture programs at annual meetings of several associations, including presentations from Jared Diamond, Ann Streissguth, Richard Petty, and Bruce McEwen. The Decade also developed an annual research award to recognize behavioral and social sciences research that has made concrete contributions to solving social problems.

Science Policy
Science Policy staff represent the government relations arm of the Science Directorate. Staff coordinate their activities with the Executive and Legislative branches of the federal government, advocating for research funding, shoring up and enhancing the infrastructure for conducting research, and working to make sure science is used to inform policymaking decisions. As registered lobbyists, Science Policy staff communicate with Congress, analyze legislation, and look for opportunities to promote the value of psychological research. Staff also serve as APA’s liaisons to federal agencies that fund psychological research to improve communication among those agencies, APA, and psychological scientists. The following are some examples of activities.

Science Policy staff convened a Science Advocacy Training Workshop during the year, bringing in 14 distinguished researchers to focus on psychological research in support of military personnel. Following intensive training in federal legislative process and effective communication with Congress and the media, the psychologists developed a briefing sheet on behavioral science funding within the Department of Defense (highlighting substantial cuts to this program in FY 2004), which they used while advocating for increased support in FY 2005 during meetings with their congressional delegations on Capitol Hill.

Congressional Relations
Also in 2003, Science Policy staff drafted legislative language about the value of psychological research funded by the National Institutes of Health (NIH), the National Science Foundation, the National Aeronautics and Space Administration, the Department of Defense, and the Department of Education and worked with APA members testifying before Congress on a variety of research-related issues to ensure that psychological science and scientists could inform and influence public policy.

When Congress targeted sexual health research funded by NIH and offered an amendment to de-fund grants that had already passed rigorous peer review, Science Policy staff led the effort to overturn the amendment and then formed and cochaired a new coalition (the Coalition To Protect Research) to continue advocating for the importance of that research portfolio and peer review.

Science Policy staff also worked closely with Congress, the White House, the National Academy of Sciences, and members of the law enforcement and intelligence communities to raise awareness of the importance of behavioral and psychological science to the domestic counterterrorism and homeland security agenda. Three high-profile APA member scientists were selected to serve on various Department of Homeland Security Advisory committees, and APA’s Science Policy Fellow was for the first time placed at the Central Intelligence Agency.
Much of the directorate’s work spans four interrelated areas—legislative advocacy, legal and regulatory strategies, marketplace activities, and public education.

**Legislative Advocacy**

The war in Iraq along with fiscal concerns occupied much of Congress’ attention during 2003. Growing problems with the nation’s health care delivery system were not congressional legislative priorities. Even so, the APA Practice Organization remained actively engaged in federal legislative advocacy initiatives.

Grassroots psychologists nationwide pressed their elected officials to pass the Paul Wellstone Mental Health Equitable Treatment Act (MHETA) and thereby close loopholes in the current federal mental health insurance parity law. Though not enacted by December 2003, MHETA gained the support of record numbers of congressional cosponsors and national organizations.

In November 2003, Congress passed the Medicare Prescription and Reform Act. Psychology advocates worked diligently to preserve a provision in the Senate bill that would provide Medicare funding for hospital-based psychology internship training programs. The legislative language was one of the last items to be dropped before the Medicare law passed. In a favorable development, the APA Practice Organization joined with the American Medical Association and other health associations to promote a provision retained in the legislation that gave health professionals an increase in Medicare payments, instead of the 4.5% decrease expected for 2004.

Other federal legislation included support for psychological services. As developed by the APA Practice Organization, the Fiscal Year 2004 Omnibus Appropriations Act included a demonstration project to show the economic and health benefits of incorporating psychological interventions into the treatment of Medicare beneficiaries with cardiovascular disease.

The Practice Directorate continued to provide practitioners with tools to aid compliance with the Health Insurance Portability and Accountability Act (HIPAA). In January, the Practice Organization and the APA Insurance Trust unveiled HIPAA for Psychologists, a comprehensive course online at http://www.APApractice.org regarding the HIPAA Privacy Rule. All APA members who pay the practice special assessment were mailed a copy of Getting Ready for HIPAA: A Psychologist’s Guide to the Transaction Rule.

**Legal and Regulatory Strategies**

Another key initiative supported by the Practice Directorate involves a lawsuit by the Virginia Academy of Clinical Psychologists and individual plaintiffs against CareFirst and its behavioral health subcontractor. The case reached settlement in mid-March, giving the plaintiffs everything they could have won at trial, including the ability to appeal claims previously dismissed by the trial court. These claims included allegations that CareFirst defrauded mental health consumers and should be subject to punitive damages. The plaintiffs have taken the case forward on appeal.
The Practice Directorate took additional steps during 2003 to confront inappropriate policies and actions by managed care companies. In collaboration with the New York State Psychological Association, the APA Practice Organization challenged Oxford Health Plans about its retrospective audits of psychologists’ patient records.

In response to member complaints, the two associations expressed concern that Oxford’s actions violated its contractual agreements with psychologists and insisted that the company stop demanding large refunds from psychologists following the audits. Oxford responded that the company would discontinue its audits and repayment demands in connection with claims of inadequate record keeping.

Meanwhile, nine states introduced legislation in 2003 regarding prescriptive authority (RxP) for licensed psychologists, and six state legislatures had committee hearings on these bills—the largest number ever in one year. The New Mexico Psychological Association, representing the first state to gain a prescriptive authority law for psychologists, continued to monitor the work of the state boards of medical and psychological examiners in developing regulations to implement the 2002 RxP law.

### Marketplace Activities

Throughout 2003, the Practice Directorate engaged in activities to affirm psychologists’ varied professional roles and to demonstrate the value of psychological services in the marketplace. For example:

- The Federal Trade Commission invited APA to participate in a hearing about how consumers are affected by limits placed on health professionals who can treat them. APA Executive Director for Professional Practice Russ Newman, PhD, JD, discussed market barriers for psychologists resulting from inappropriate limitations on existing scope of practice laws as well as psychiatry’s opposition to expanding psychologists’ scope of practice.
- The Psychologically Healthy Workplace Awards (PHWA) program is sponsored by state psychological associations and supported by the Practice Directorate to honor organizations committed to employee well-being. In October 2003, APA recognized 15 companies as part of a new PHWA program known as “Best Practices Honors.”
- The directorate played the lead role in developing a detailed prototype of a procedural manual for standardized application of the functional classification system known as ICF (International Classification of Functioning, Disability, and Health). Psychology and several other disciplines conducted field trials to assess the usability of the prototype manual content. All participating groups agreed that the manual is an essential tool for ICF implementation in health care settings.
- The sixth annual Veterans Affairs Psychology Leadership Conference cosponsored by the Practice Directorate and the Association of VA Psychologist Leaders addressed ways to expand and promote the value that psychologists add to health care for the nation’s veterans.

### Public Education

As the war in Iraq began, APA was prepared with materials to help the public build their resilience. The APA Public Education Campaign grassroots network was quickly mobilized, and psychologist members used resilience materials from APA extensively in community and local media outreach.

The Practice Directorate posted on the Help Center, the APA Web site for consumers (http://www.apahelpcenter.org), a series of wartime resilience brochures geared to specific age groups. These resources are an outgrowth of the APA Road to Resilience initiative launched shortly after the terrorist attacks of September 11, 2001.

A newer component of the resilience initiative is embodied in Resilience for Kids & Teens, which began in September. APA collaborated with Time for Kids on a special magazine issue geared to fourth through six graders. About 2.2 million school children and their parents and teachers received materials designed to foster resilience and help children bounce back from adversity.
Public Interest Directorate

The Public Interest Directorate (PI) supports and promotes efforts to apply the science and practice of psychology to the advancement of health and human welfare. Whether working to ensure equity for and address concerns of its constituent groups, or addressing critical issues facing our increasingly diverse society, such as violence, health disparities, work, and poverty, Public Interest generates, translates, and applies psychological knowledge to benefit the profession and society. Additional information about PI and its initiatives can be obtained from the PI Web site (http://apa.org/pi).

The following is a summary of the major initiatives launched in the various offices and programs of the Public Interest Directorate.

**ACT (Adults and Children Together) Against Violence Project**

ACT is an early childhood violence prevention program comanaged with the APA Office of Public and Member Communications. The project includes both a national public service announcement (PSA) campaign and a community-based training program. The PSA campaign has been ongoing since 2000. In 2003, a second radio PSA was developed and distributed by the Advertising Council to radio stations nationwide. The reach of these campaign messages has been impressive, resulting in almost 10 million hits and 700,000 unique visitors to the ACT Web site (http://ActAgainstViolence.org). Additionally, 31 new ACT Coordinators from all over the country, among them 16 psychologists, were trained in May at the third ACT annual workshop at the APA headquarters; the ACT LISTSERV was created; development of an online literature search database began; and ACT training materials were translated into Spanish.

**Children, Youth, and Families Office**

The Children, Youth, and Families Office coordinated APA’s public interest, human welfare, and social responsibility activities in the areas of children, youth, and families. The office supported and managed the work of the Committee on Children, Youth, and Families, the Task Force on Psychology’s Agenda for Child and Adolescent Mental Health, and the Task Force on Advertising and Children. The office served as an information resource to APA members and the public; developed and disseminated reports and other written materials on professional and consumer issues; and promoted the application of psychological knowledge to address public policy issues affecting children, youth, and families.
Disability Issues in Psychology Office
The Disability Issues in Psychology Office recently submitted a proposal for funding to the National Institute on Disability and Rehabilitation Research to support development of the Toolbox Project: Resources for Equalizing Opportunities for Psychology Students With Disabilities. It is expected that the proposed project will help strengthen the capacity of doctoral psychology programs to address the barriers students with disabilities encounter and ultimately provide equal opportunities for such students.

Lesbian, Gay, and Bisexual Concerns Office
The Lesbian, Gay, and Bisexual (LGB) Concerns Office published the final report of the international meeting, Sexual Orientation and Mental Health: Toward Global Perspectives on Practice and Policy. Also during the past year, the office completed the development of a workshop for school professionals on LGB adolescents, trained a national cadre of trainers, and submitted an application to CDC for $570,000 of new funding to provide a series of workshops to school counselors, nurses, psychologists, and social workers.

Minority Fellowship Program
The Minority Fellowship Program supported 123 Fellows in 2003: 37 in neuroscience, 35 in mental health and substance abuse services, 17 in mental health research, 8 in HIV/AIDS research, 6 in substance abuse research, and 20 in the Minority Aging Network in Psychology. MFP Fellows are supported by training grants from the National Institute of Mental Health and the Substance Abuse and Mental Health Services Administration and additional support from the National Institute on Drug Abuse.

Office on Aging
The APA Office on Aging has launched an electronic newsletter to keep members informed of current APA activities related to psychology and aging. The office continues to staff the National Coalition on Mental Health and Aging, a group of more than 40 professional, consumer, and government organizations. The office also worked with the Education Policy Office to secure $1.5 million in 2003 for the establishment of the Graduate Geropsychology Grants program within the Health Resources and Services Administration’s Bureau of Health Professions.

Office on AIDS
In March 2003, the Office on AIDS Behavioral and Social Science Volunteer Program was awarded $540,000 by the Centers for Disease Control and Prevention through a subcontract with the Academy for Educational Development to continue APA’s national HIV-prevention technical assistance program for health departments, community planning groups, and community-based organizations. An additional $265,000 of funding was awarded in August 2003 to extend the period of performance through August of 2004.

Office of Ethnic Minority Affairs
The APA Office of Ethnic Minority Affairs (OEMA) seeks “to expand the roles of culturally diverse peoples in the profession of psychology.” During the past year, OEMA maintained communication with interested persons and organizations through its news journal, The Communiqué, and provided staff support to the Committee on Ethnic Minority Affairs, the Council of National Psychological Associations for the Advancement of Ethnic Minority Issues, the Commission on Ethnic Minority Affairs, and the National Coalition of the Advancement of Ethnic Minority Issues.
Minority Recruitment, Retention, and Training Task Force (CEMRRAT2); and its Textbook Initiative Work Group. OEMA also administered several programs, including: (a) the CEMRRAT implementation grants; (b) the APA/National Institute of General Medical Sciences (NIGMS) project, which seeks to increase minority student participation in the biomedical areas of psychology on 14 campuses; (c) the Psychology in Ethnic Minority Serving Institutions Initiative, including a health disparities research and training small grant program, which is operated in collaboration with APA’s Minority Fellowship Program and funded by APA’s Science Directorate. OEMA also prepared a 5-year $4.8 million renewal grant application for its APA/NIGMS biomedical training project.

Public Interest Policy Office
Highlights of policy initiatives in 2003 include contributing to the development of the federal action agenda to implement recommendations of the President’s New Freedom Commission on Mental Health; arranging for APA presenters at congressional briefings on affirmative action, Head Start, postpartum depression, life span respite care, and depression in older adults; and promoting mental health research, services, and training in legislative proposals involving appropriations, special education, welfare reform, women and trauma, and aging.

Women’s Programs Office
About 700 individuals from 28 countries attended the fifth Work, Stress, and Health Conference, in Toronto in March 2003. Also in March, the office cosponsored with the National Institute for Occupational Safety and Health an invitational meeting, Women’s Health and the Changing Nature of Work: Identifying Research Gaps and Needs. Additionally, program staff provided support to the Committee on Women in Psychology, as well as the Task Force on Workplace Violence and Task Force on Urban Psychology. The Summit on Women and Depression: Proceedings and Recommendations has received over 207,000 Web hits since March 2002, and is continuing to average 5,300 hits per month. Papers from the Summit were published in several journals.
During 2003, the APA Office of Publications and Databases (formerly the APA Office of Communications) expanded its knowledge dissemination through journals, books, abstract services, and the APA Web site. These activities ensure continued access to essential scientific information on psychological theory, empirical research, and clinical practice for APA members and the public.

APA Journals
The APA Journals Program publishes the majority of the premier journals in psychology. During 2003, the Journals Program published 2,271 empirical articles and related scholarly items (1,882 articles in APA journals and 389 articles in APA’s Educational Publishing Foundation [EPF] journals). Ten special issues were produced.

APA’s Educational Publishing Foundation began publication of one new quarterly title: International Journal of Stress Management. APA ceased publication of its online-only journal, Prevention & Treatment. The EPF imprint continues as the fastest growing segment of the APA Journals Program, and it now includes 17 titles.

The APA Journals Office continues to transition new editors to the electronic Journals Back Office (JBO) to enable electronic submission of manuscripts and electronic peer review. As of the end of December 2003, 30 APA and EPF journals were operating in JBO.

APA Books
APA Books aims to produce publications that are anchored in scholarly knowledge, informed by empirical research, and translated into practical applications. APA Books released 63 books in 2003. Among the best-selling volumes were Behavioral Genetics in the Postgenomic Era; Assessment of Family Violence; A Psychology of Human Strengths; Methodological Issues and Strategies in Clinical Research, 3rd Edition; The Human Image in Postmodern America; Alterations of Consciousness; and Feminist Family Therapy.

In the category of student aids and teaching resources, APA Books published The Professor’s Guide to Teaching, Getting Mentored in Graduate School, Displaying Your Findings, Library Use, and Teaching Gender and Multicultural Awareness.

LifeTools, an APA imprint of trade books for the lay public, released Parenting That Works: Building Skills That Last a Lifetime; The Inside Story on AIDS; and Rewards for Kids!: Ready-to-Use Charts and Activities for Positive Parenting.

Magination Press, APA’s imprint for children’s and self-help books, released seven new titles, including Sex and Babies: First Facts; The Year My Mother Was Bald; and Josh’s Smiley Faces: A Story About Anger.

Seven videotapes were produced—three in the Systems of Psychotherapy series, one in the series on Specific Problems and Populations, and three in the Relationships series.
PsycINFO
The PsycINFO database, composed of abstracts of journal articles from more than 1,900 periodicals worldwide, books, book chapters, and dissertations, added 77,617 records during 2003, bringing the total to more than 1.9 million. This included adding 51,598 abstracts to the historical file (1840-1974), as well as digitizing more than 2.5 million searchable references, bringing the total references to more than 10 million. In 2003, PsycINFO added new database features, such as an updated thesaurus, new book review information fields, a field to alert users to supplemental electronic data, and a test and measures field. The special online update of the Thesaurus of Psychological Index Terms added 137 new terms, which assist users with more precise searching and recall of records.

PsycARTICLES contains the full text of 50 journals published by APA and allied organizations from 1987 to the present. In 2003, more than 3,000 full-text journal articles were added, bringing the total number of full-text articles available to more than 33,000.

APA continued to offer pricing discounts for organizations subscribing to both the abstract and the full-text databases. Organizations can now license PsycINFO through 13 vendors, 9 of which also offer the full-text PsycARTICLES database.

The first offering of APA books in digital form occurred in 2003 when APA added book chapters from the 2000 and 2001 copyright years to PsycARTICLES Direct. Under this service, the user can search free and then download a single book chapter for a fee. PsycCHAPTERS offers customers the ability to use search fields or browse by the book title or author/editor.

PsycNET: The APA Web Site
The APA Web site focused on improvements in user interface and information architecture to support an ever-increasing number of site visitors. A new publications navigation bar was introduced on the APA home page to facilitate the location of APA offerings. The promotion of the 2004 Annual Convention in Hawaii on the Web site began in November, much earlier than usual, allowing online registrations for the meeting.

The infrastructure of APA's electronic database delivery systems was significantly improved to support our growing line of products, and new protocols were implemented to support document distribution among the library community. A new system was also developed to link the Web to APA membership records, thereby enabling members to manage their accounts with APA.

Sales, Licensing, Marketing, and Exhibitions
APA's Sales, Licensing, Marketing, and Exhibitions Department promoted various products aggressively. Advertising placements for PsycINFO and PsycARTICLES were included in 30 outlets, netting 500,000 exposures. Direct mail campaigns for APA Books reached more than 1,060,000 professionals, and promotions in APA periodicals and external publications resulted in 900,000 exposures. LifeTools and Magination Press books garnered attention in the New York Times, Reader's Digest, and Publishers' Weekly, among others. APA journals were advertised in three subscription agent catalogs and in almost all APA periodicals. Some 45,000 catalogs, as well as mini-brochures and flyers, were mailed to new members, nonmembers, academic libraries, and medical libraries. APA's publishing program was represented at more than 99 professional conferences.

A consortium sales team has facilitated the sales of PsycARTICLES via PsycNET directly to institutions, and it also coordinated the worldwide sales efforts of APA vendor partners offering these e-products on their electronic delivery platforms. Consortia sales accounted for nearly 70% of total institutional site license sales. The implementation of a new customer information database in 2003 resulted in improved and more accurate APA institutional e-products licensing records, thereby making data more useful for business analysis.
Board & Committee Operations Office
The March 2003 consolidated meetings included 11 boards and standing committees, the APA Board of Directors, and representatives of the continuing committees that did not have the opportunity to meet in the consolidated format in 2003. Those groups met individually throughout the year. Boards and standing and continuing committees each held one meeting instead of the customary two and conducted the remainder of their business via electronic mailing lists and conference calls.

In 2003, the office staffed the APA Presidential Task Force on Governance, which presented its final report at the August Council meeting, and the Board of Director’s Task Force on Resilience in Response to Terrorism, which produced a well-received set of fact sheets designed to assist clinicians working with children and a variety of adult populations (available on APA’s Web site at http://www.apa.org/psychologist/resilience.html). The office also staffed the Task Force on External Funding and the Ad Hoc Committee on Early Career Psychologists, which worked with the Membership Office on specific retention efforts and sponsored dynamic, well-attended convention programs.

Division Services Office
The Division Services Office provides centralized information and referral services on the activities of APA’s 53 divisions and serves as the administrative office for 27 APA divisions. The office also acts as an interface between APA and its divisions in all legal, structural, functional, and policy matters. Staff serve as liaisons to the Committee on Division/APA Relations and the Policy and Planning Board.

In 2003, the Division Services Office was hired by the Eastern Psychological Association (EPA) to assist with its annual meeting arrangements. APA provided contract review and negotiations services and created EPA’s 2003 program book. An additional 2-year contract was signed for APA to provide an electronic submission system for EPA’s 2004 and 2005 meetings.

Two prospective new divisions in the areas of human–animal relations and trauma psychology are close to having the number of petitioners needed for Council approval. Members have made inquiries about establishing divisions in various other areas, including government and psychology; leadership in groups, organizations, and society; evolutionary psychology; energy psychology; and technology in psychology.

Election Office
The Election Office is responsible for conducting APA’s major elections. The elections include the president-elect nominations and elections, the Board of Directors nominations and elections, and board and committee nominations and elections. In addition, the office handles the Apportionment ballot, bylaws amendments, APAGS officers elections, Teachers of Psychology in
Secondary Schools officers elections, and the elections of division officers and Council representatives for divisions and state provincial and territorial associations.

The office now offers an online voting option to Council members for the board and committee elections and to members of APAGS for its officer elections. Staff also assist members in understanding and interpreting the rules and policies of the APA governance structure.

**Governance Office**
The Governance Office manages the flow of information among APA staff, Board of Directors, and Council of Representatives; serves as staff liaison to the Council of Representatives and the Committee on Structure and Function of Council; and prepares agendas for Board of Directors and Council meetings. Staff write the minutes of the Board of Directors and Council meetings and prepare the proceedings of the association for the recording secretary’s approval. The proceedings are published yearly in the *American Psychologist*.

The Council of Representatives, with the Board of Directors serving as its administrative agent, sets policy for the association. Some of its actions for the previous year are highlighted throughout the annual report. The Committee on Structure and Function of Council continues to improve the mentoring and orientation sessions for new members of Council and to enhance the functioning of Council.

The Governance Web site (http://www.apa.org/governance) provides the minutes of the Board and Council meetings, annual reports for the boards and committees, and rosters of the Board, Council, and boards and committees. The site also includes the APA bylaws and association rules, election results, and a link to the site for APA divisions.

**Special Projects Office**
The Special Projects Office coordinates projects related to the initiatives of the president and president-elect; the president’s Web site (http://www.apa.org/about/president); presidential citations; the APA Award for Outstanding Lifetime Contributions to Psychology; the APA Awards Program and ceremony; and special convention events, including the opening and closing sessions, president’s program, and presidential address. The office also coordinates APA art exhibits and joint projects with organizations such as the Smithsonian Institution.

In 2003, the Special Projects Office staffed Robert J. Sternberg’s Task Force on Unity, President-Elect Diane F. Halpern’s Task Force on Retiring Psychologists, and the Board of Directors Task Force on APA Awards. At the 2003 opening session, George Miller, PhD, received the APA Award for Outstanding Lifetime Contribution to Psychology, and Stephen White, PhD, psychologist and best-selling mystery writer, presented the keynote address. The APA art exhibit on display in the Executive Office was a retrospective celebrating 10 years of art on the covers of the *American Psychologist*. ■
The Office of General Counsel (OGC) provided legal advice on a wide range of topics, including review of contracts entered into by APA, intellectual property rights, antitrust issues, tax, and employment matters. OGC also engaged in legal risk-management activities to avoid legal exposure to APA. Legal counsel has advised Council, the Board of Directors, and other APA governance bodies on a variety of business and policy issues with legal implications.

The OGC received more than 30 requests for APA amicus participation and provided staff support to the Committee on Legal Issues (COLI) as COLI evaluated and issued recommendations to the Board of Directors resulting in the association’s submitting amicus curiae briefs in four U.S. Supreme Court cases, as follows: *Grutter v. Bollinger* and *Gratz v. Bollinger* (the University of Michigan cases addressing the question of whether the U.S. Constitution allows consideration of race and ethnicity in undergraduate and law school admissions); *Sell v. United States* (challenging the constitutionality of involuntarily medicating a criminal defendant to restore the defendant to competency to stand trial); *Stogner v. California* (addressing the validity of a California statute that retroactively expanded the statute of limitations for certain sex offenses—in particular, the rape and molestation of children by adults); and *Lawrence v. Texas* (challenging the constitutionality of a Texas statute that makes sodomy between same-sex couples a crime). The OGC worked closely with APA directorates, relevant governance bodies, psychological experts, and outside counsel to prepare briefs that present relevant scientific research and psychological literature in a manner that would be helpful to the Court.

The OGC has continued its efforts to promote the interface between psychology and the law through interdisciplinary collaboration with the American Bar Association and oversight of various APA/ABA task forces and conferences to address issues of mutual concern to the two disciplines.
The APA Service Center is members’ one-stop point of contact for questions about your membership, subscriptions, and APA products.

The APA Service Center
The APA Service Center is the central point of contact and information for the APA membership and thousands of other nonmember and business customers of the association’s products and services. Service Center staff respond to member calls and correspondence, establish membership records, process dues payments, and handle subscription and book orders.

The Service Center Communications unit receives tens of thousands of phone calls, letters, faxes, and e-mails concerning virtually every aspect of the association. The Operations unit processes hundreds of thousands of dues and subscription forms and other updates to the association’s membership and subscriptions databases. Those in the Administration unit handle such diverse activities as dues and subscription billing operations, the membership directory file, membership recruitment and retention, fulfillment operations, and inventory management.

Membership Development
The Membership Development office staff manage membership recruitment and retention initiatives. Activities included more than a dozen targeted membership campaigns and ongoing membership communication projects.
In addition in 2003, the staff oversaw the creation and production of a volunteer tool kit, *Making APA Work for You*. The kit contained numerous information pieces about APA membership, services, and products. Kits were distributed to faculty volunteers at psychology departments across the country for distribution to students and faculty colleagues who are currently not members of the association.

**Office of Public Communications**

The Office of Public Communications manages APA’s outreach to the news media and creates activities and materials that educate the public about the value of psychological research, findings, and interventions. Through its media-training program, the office prepares members, governance officials, and senior staff to serve as spokespersons for the association and the discipline.

Garnering news coverage of articles published in APA journals and fast response to media requests for information are high priorities for the office. To speed this process, staff use a computerized media referral database that lists APA members prepared to do media interviews within their subspecialty. This database, with more than 2,000 APA members listed by their area of expertise, is an important media relations tool and allows psychology and psychologists to be part of breaking news nationwide.

Additionally, in the office’s department of Editorial and Design Services, APA offices, directorates, and governance groups are provided with professional, in-house editing, design, and publications management. During the year the division coordinated the production of more than 150 publications and other communication products.

Also produced within the Office of Public and Member Communications are the *Monitor on Psychology* and *GradPSYCH* magazines. The *Monitor on Psychology* is published 11 times a year. Its circulation includes all APA members plus individual and institutional subscribers, government officials, and members of the news media.

*GradPSYCH*, a magazine for and about graduate psychology students, was published for the first time in 2003, becoming a quarterly publication.

The Advertising and Exhibit Sales Office, also part of the Office of Public and Member Communications, is responsible for sales of ad space in APA publications and exhibit space at the APA convention. Last year, APA earned just over $3 million dollars in ad and exhibit space revenue. ■
Central Programs is where many association service functions are managed. Central Programs offices include Archives and Library Services, the Ethics Office, Research Office, and the Convention Office. Highlights of 2003 activities follow.

Archives and Library Services
The documentation of APA’s history remained the main focus of the APA Archives; materials from Central Programs and many APA divisions were preserved. The Archives Web site added several new pages of useful historical information about APA. A history of psychology and the National Institute of Mental Health was completed, and a new history of psychology and the Veterans Administration (now Veterans Affairs) was begun.

The Arthur W. Melton Library continued to serve as the major research resource for the various research projects and activities of APA Central Programs. The joint Library–PsycINFO project to identify and add important books published between 1900 and 1985 to the PsycINFO database was completed.

Ethics Office
The new Ethical Principles of Psychologists and Code of Conduct went into effect in June 2003. The Ethics Office partners with state psychological associations across the country to put on continuing education programs about the new ethics code, with a special emphasis on the code’s relevance to practitioners.

The Ethics Office also began writing a series of columns about the new code in APA’s Monitor on Psychology and collaborating with the Education Directorate on a Web-based continuing education program. These initiatives are in keeping with the Board of Directors’ mandate to the Ethics Office and Committee to develop and expand ethics training and education at APA. To this end, the office and committee provide ethics code consultations to individuals and groups who contact the Ethics Office (several hundred on a yearly basis), work with APA divisions and state and provincial psychological associations to offer programs on ethical issues throughout the year and at the APA annual convention, and collab-
orate with APAGS in sponsoring a $1,000 student prize for a paper on ethics. The winning student paper is presented at convention and published in the journal *Ethics and Behavior*.

The Ethics Office continues to support the Ethics Committee in adjudicating ethics complaints.

**Office of International Affairs**

The Office of International Affairs coordinates all of the association’s international activities, including APA’s representation at the United Nations and at major international meetings and congresses. In July 2003, the office planned a reception hosted by APA President Robert Sternberg at the 29th Interamerican Congress of Psychology held in Lima, Peru. The office also facilitates visits to APA by executive officers representing other psychological societies as well as researchers, teachers, and students participating in international exchange programs. In 2003, APA was visited by psychology scholars and students from Brazil, Great Britain, Colombia, India, Pakistan, Singapore, Sweden, Portugal, Russia, Peru, Chile, and Dubai.

In 2003, the office introduced a new *Directory of Grants and Fellowships in the Behavioral, Social, and Health Sciences*, a compilation of international psychology-related grant and fellowship programs. The office’s other ongoing publications are the quarterly newsletter, *Psychology International*, and annual directories of more than 80 national and nearly 90 international psychology organizations worldwide.

**Research Office**

During 2003, the office analyzed data from the Doctorate Employment Survey, Faculty Salary Survey, Graduate Study in Psychology, Salaries in Psychology, and the Medical School Psychologist Survey. New data, graphs, and reports related to education, employment, and demographics have been placed on the Research Office Web site, http://research.apa.org. The office is developing a strong electronic survey capacity and efficient use of new technology. Staff were involved with several electronic member surveys, including QuiP (Quick Poll) and one regarding SARS and the convention; the interassociation APA/Association of Psychology Postdoctoral and Internship Centers survey of intern applicants; convention surveys; evaluation of graduate programs in neuroscience aimed at minorities; and the workplace climate survey.
At the end of 2003, there were 41,048 APAGS members (graduate and undergraduate). Highlights of 2003 include:

- **APAGS** began serving as a voting member of the APA Council of Representatives and a nonvoting member on the APA Board of Directors in January 2003.

- **GradPSYCH**, the new APAGS magazine, was launched in May 2003. A GradPSYCH LISTSERV (GRADPSY-CHTALK@lists.apa.org) was created to facilitate discussions related to articles.

- The **Division Student Representative Network** (APAGS-DSRN) was completed and launched at the Division Leadership Conference in January 2004. The DSRN provides support to student division leaders through APAGS and encourages divisions to support APAGS initiatives.

- **The APAGS Internship Workbook** was published and released by APA Books in July 2003. *Internships in Psychology: The APAGS Workbook for Writing Successful Applications and Finding the Right Match* (Williams-Nickelson & Prinstein, Eds.) has appeared on the best-seller list for APA publications and will be reprinted and regularly updated based on its success.

- On November 14-16, 2003, the APAGS Committee met to develop a comprehensive strategic plan. The purpose of the plan is to drive APAGS activities and provide a baseline for measuring success. The drafted plan is being revised and will be revisited annually.

- **The Campus Representative Bulletin** was launched in November 2003. The quarterly electronic bulletin was created to enhance reciprocal communication between APAGS and graduate students at the grassroots level.

Please visit the APAGS Web site (http://www.apa.org/apags) for additional information on APAGS activities.
When I was 53, It Was a Very Good Year

For some reason, I tend to do things in threes—in threes, in threes. So in this report, I would like to discuss three issues, each of which has three parts.

I. The Best Job I Ever Had
To start, the APA presidency was the best job I’ve ever had. Here’s why.

1. The people. First and best of all was the chance to work with wonderful people. The APA staff is dedicated, hard-working, and conscientious. They are always there to help governance. I am especially grateful to Norman Anderson, Mike Honaker, and Jack McKay, and to Judy Strassburger and her staff for being so helpful to me at all times during my term. Governance members really care about APA and were entirely supportive of me and my efforts to be an effective and responsive leader. I must thank the APA Council of Representatives and Board of Directors for their support of my efforts. And, APA members care about psychology and about APA’s efforts to advance the field. I wish to thank one particular APA member—Elena Grigorenko, my wife—for supporting and putting up with me during a year in which I was away from home about as much as I was there.

2. The challenge. Although the job was not always fun, it was always a challenge. We got through immense budgetary strains and turned a projected deficit into a surplus. We got to hold an exciting convention that initially was threatened by the ugly specter of SARS. We were able to celebrate the enactment of legislation making New Mexico the first state of the Union to legislate prescription privileges for qualified psychologists, despite attempts to undermine the bill from much of the medical establishment. There was never a dull moment.

3. The learning experience. Working in APA governance is an amazing learning experience for anyone. I highly recommend it to all members. As APA president, I learned more about psychology and the issues confronting it than I think I had in my entire previous career.

II. Initiatives
During my term, my main theme was unity. I sought to unify all of the various stakeholders in the organization to work together for the common good of the association, the field of psychology, and the society in which our work was embedded. I believe that my presidency demonstrated that all APA members can indeed unify to serve a common good and at the same time respect and even cherish their differences.

I had six initiatives. An all-embracing unity initiative emphasized the importance of all psychologists working together for a common good. A governance initiative sought to review the structure and processes of APA governance. An education initiative sought to infuse into schools “the Other 3 R’s”—reasoning, resilience, and responsibility. A practice initiative sought to prepare practitioners and trainers of practitioners for the issues that will arise as pre-
scription privileges for psychologists become a reality rather than a dream. A public interest initiative sought to find ways to combat hate with wisdom. A science initiative was directed toward the elimination of savage reviews of submissions to APA (and, hopefully, other) journals, which sometimes personally attack authors rather than constructively critique their work.

I would like to describe three of the outcomes of the initiatives, which is all that space permits.

1. Governance. I believed that the time had come to reexamine our governance and to ask whether it was functioning in an optimal way. To this end and with the support of the Board of Directors, a governance task force was formed to reexamine APA’s governance structures and processes. The task force was composed of members representing many of APA’s varied constituencies, all of whom had previously shown their skills in working for the good of APA and psychology. Learning a lesson from past mistakes, we operated in a way that was totally open. We actively solicited and utilized feedback from all members of the association and governance groups at several points in our process. Perhaps the happiest single moment I had during my presidency was when the Council of Representatives passed the report, a year ahead of schedule.

2. The Other 3 R’s. Much of my own work is in the field of psychology applied to education. I undertook the APA presidency committed to making a difference to education in the United States. To this end, I formed an education task force. With the assistance of APA staff, it formulated an initiative to infuse what we came to call “the Other 3 R’s” (described above) into school curricula. At the same time, I was determined that my presidency would be marked by a net financial gain rather than loss to APA. I therefore worked with the Education Directorate to formulate a grant proposal to the James S. McDonnell Foundation to fund this initiative. The proposal, for almost half a million dollars, was funded. So our work on this initiative can continue beyond my presidential year. I am especially grateful to Cynthia Belar, Rena Subotnik, and Jeannine Cogan for their stellar work on this project.

3. Books. I am an avid writer and editor, and in order to have something concrete to show from my initiatives, I decided to edit or coedit books that would be outgrowths of my initiatives. The result will be seven edited books, namely:

Barbanel, L., & Sternberg, R. J. (Eds.). Psychological interventions for victims of crises. (Publishing agreement in negotiation.) (Practice)


Ours is a society that heavily emphasizes the importance of knowledge and of the memory-based and analytical skills that are used to acquire and process that knowledge. But the result may be a society where people’s developed intelligence exceeds their wisdom, and hence, where smart people do foolish things. I believe it is incumbent on us as psychologists to encourage not only the development of a knowledge base, but of wisdom-related skills such that people use their knowledge wisely, seeking out a common good. The alternative may be a society where people’s knowledge serves destructive as much as it serves constructive ends.

3. Love and hate. I have defined love as the synthesis of intimacy, passion, and commitment. But hate results from the negation of intimacy, passion, and commitment. In much of the world today, as in the past, children are being taught to hate targeted groups—to deny their humanity (negation of intimacy), to experience anger and fear toward them (passion), and to internalize demonstrably false histories of these groups that serve to justify the hate they are taught to feel. The result, in recent times, has been astonishing numbers of genocides and massacres, as well as terrorist incidents. We need to combat hate; one way is through wisdom.

Thanks to all of you for the wonderful support you gave me during my presidential year!
APA—A Financially Healthy Organization

APA made significant progress in restoring its net assets during 2003. In fact, APA’s net assets increased by $13.3 million, including over $10 million from the outstanding performance of our long-term investment portfolio. This represents a welcome change from the $18 million decrease in net assets we experienced last year, primarily as a result of the make whole provision related to the November 2002 building refinance.

Balance Sheet

During 2003, the association’s consolidated net assets increased by $13.3 million (73.9%) from $21.0 million to $34.4 million as of December 31, 2002, and 2003, respectively. This increase in net assets was the result of several primary factors: (a) the 40%+ increase in the value of our long-term investment portfolio, (b) the gains from our building operations, and (c) the better than budgeted results from overall APA operations.

The association’s finances have become more complicated every year. The consolidated statements presented herein include the activities related to APA, the APA Practice Organization, and our two buildings (Ten G and 750 First Street). In addition, we must now differentiate net assets as either “designated” or “undesignated” to properly track activity related to the Communications Research and Development Fund, the Accreditation Stabilization Reserve Fund, and the APA Practice Organization. Several tables accompanying this report summarize our consolidated financial position: Table 1 represents a simplified version of the association’s consolidated balance sheet, Table 2 identifies the major categories and amounts which cause variation in our net asset values, and finally Table 3 provides additional detail for the major categories shown in Table 2.

APA’s Long-Term Investments

The association’s long-term investment portfolio performed very well during 2003. More specifically, the value of APA’s long-term investments rebounded…

### 2003 Long-Term Portfolio Performance Overview

<table>
<thead>
<tr>
<th>Investment</th>
<th>2003 Market Value</th>
<th>Since Inception</th>
<th>Style*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Southeastern Asset Mgmt</td>
<td>$27.7 million</td>
<td>34.54%</td>
<td>LCV</td>
</tr>
<tr>
<td>Westfield Capital Mgmt</td>
<td>9.4 million</td>
<td>48.30%</td>
<td>SCG</td>
</tr>
<tr>
<td>Brandywine Mutual Fund</td>
<td>2.5 million</td>
<td>32.12%</td>
<td>MCG</td>
</tr>
<tr>
<td>International Mutual Funds:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vanguard</td>
<td>1.6 million</td>
<td>34.45%</td>
<td>G</td>
</tr>
<tr>
<td>EuroPacific</td>
<td>1.4 million</td>
<td>32.91%</td>
<td>G</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 42.6 million</strong></td>
<td><strong>32.91%</strong></td>
<td><strong>G</strong></td>
</tr>
</tbody>
</table>

* LCV = Large Cap Value; SCG = Small Cap Growth; MCG = Multi-Cap Growth; G = Growth
### Balance Sheet (Consolidated)

<table>
<thead>
<tr>
<th></th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and ST Investments</td>
<td>$10,123</td>
<td>$12,730</td>
<td>$9,936</td>
<td>$38,554</td>
<td>$42,228</td>
</tr>
<tr>
<td>Long-Term Investments</td>
<td>33,274</td>
<td>40,074</td>
<td>40,266</td>
<td>30,356</td>
<td>42,558</td>
</tr>
<tr>
<td>Land/Buildings/Equipment</td>
<td>102,384</td>
<td>97,728</td>
<td>93,366</td>
<td>89,116</td>
<td>86,324</td>
</tr>
<tr>
<td>Other</td>
<td>25,560</td>
<td>27,977</td>
<td>28,778</td>
<td>34,969</td>
<td>33,017</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$171,341</strong></td>
<td><strong>$178,509</strong></td>
<td><strong>$172,346</strong></td>
<td><strong>$192,995</strong></td>
<td><strong>$204,127</strong></td>
</tr>
<tr>
<td><strong>Liabilities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Divisions/Other Groups</td>
<td>$3,591</td>
<td>$4,080</td>
<td>$3,989</td>
<td>$4,323</td>
<td>$4,261</td>
</tr>
<tr>
<td>Long-Term Debt</td>
<td>96,750</td>
<td>92,085</td>
<td>87,055</td>
<td>122,900</td>
<td>121,407</td>
</tr>
<tr>
<td>Accounts Payable/Accrued Expenses</td>
<td>9,583</td>
<td>11,145</td>
<td>11,595</td>
<td>11,687</td>
<td>11,611</td>
</tr>
<tr>
<td>Deferred Revenues</td>
<td>24,937</td>
<td>28,724</td>
<td>32,941</td>
<td>30,335</td>
<td>30,494</td>
</tr>
<tr>
<td>Deferred Rent/Real Estate Taxes</td>
<td>1,798</td>
<td>1,828</td>
<td>1,848</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>1,067</td>
<td>1,150</td>
<td>1,196</td>
<td>2,709</td>
<td>1,974</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>$137,726</strong></td>
<td><strong>$139,012</strong></td>
<td><strong>$138,624</strong></td>
<td><strong>$171,954</strong></td>
<td><strong>$169,747</strong></td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td><strong>33,615</strong></td>
<td><strong>39,497</strong></td>
<td><strong>33,722</strong></td>
<td><strong>21,041</strong></td>
<td><strong>34,380</strong></td>
</tr>
<tr>
<td><strong>Total Liabilities and Net Assets</strong></td>
<td><strong>$171,341</strong></td>
<td><strong>$178,509</strong></td>
<td><strong>$172,346</strong></td>
<td><strong>$192,995</strong></td>
<td><strong>$204,127</strong></td>
</tr>
</tbody>
</table>

(All figures shown in thousands.)

### Net Assets Summary (Consolidated)

<table>
<thead>
<tr>
<th></th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Assets Beginning Balance (Consolidated)</strong></td>
<td>$30,381</td>
<td>$33,615</td>
<td>$39,497</td>
<td>$39,309</td>
<td>$21,041</td>
</tr>
<tr>
<td><strong>APA Operations (see also Table 4)</strong></td>
<td>(660)</td>
<td>(1,607)</td>
<td>(6,962)</td>
<td>(3,309)</td>
<td>429</td>
</tr>
<tr>
<td><strong>APA Non-Operating Activity (see also Table 3)</strong></td>
<td>3,894</td>
<td>7,456</td>
<td>804</td>
<td>(15,035)</td>
<td>11,865</td>
</tr>
<tr>
<td><strong>APAPO Operations</strong></td>
<td>33</td>
<td>382</td>
<td>382</td>
<td>76</td>
<td>1,045</td>
</tr>
<tr>
<td><strong>Restatements (2002):</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income Tax Benefit</td>
<td>-</td>
<td>-</td>
<td>1,965</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Deferred Revenue Reversals</td>
<td>-</td>
<td>-</td>
<td>1,774</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Deferred Real Estate Tax Expense Reversal</td>
<td>-</td>
<td>-</td>
<td>1,849</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Change in Net Assets</strong></td>
<td>$3,234</td>
<td>$5,882</td>
<td>$(188)</td>
<td>$(18,268)</td>
<td>$13,339</td>
</tr>
<tr>
<td><strong>Net Assets Ending Balance (Consolidated)</strong></td>
<td><strong>$33,615</strong></td>
<td><strong>$39,497</strong></td>
<td><strong>$39,309</strong></td>
<td><strong>$21,041</strong></td>
<td><strong>$34,380</strong></td>
</tr>
</tbody>
</table>

(All figures shown in thousands)

*During the 2002 audit, the 2001 net assets were increased to reflect several restatements (income tax benefit, deferred real estate tax, and designations for Communications R&D and Accreditation Stabilization).*
ed by 40.2%, from $30.4 million to $42.6 million. A macro overview of the association’s investments is provided on page 314.

The growth in the stock market during 2003 had a similar impact on the American Psychological Foundation (APF), with its net assets growing to more than $12 million (see page 319).

**Building Activity**
In March 2003, the association completed the final phase of the refinancing of its real estate holdings with the issuance of $21.1 million in tax-exempt bonds. The association chose to lock in at a historically low bond interest rate by the use of an interest rate swap at 4.34%. The final blended interest rate on all of the association’s real estate debt is 6.01%.

Much energy was focused on filling the tenant vacancies throughout the year, and we are pleased to report that the majority of the vacant space in both buildings has been or is in the process of being leased.

**APA Operations**
The 2003 budget approved by the Council called for a modest profit from operations ($385,300) after recognition of the $2 million in cash flow from the buildings. In fact, our 2003 operations ended much better than anticipated, with a surplus of $2,429,000 after recognition of the $2 million cash flow from the buildings. This is much improved when compared to the $1,309,000 loss from 2002 operations (after recognition of the $2 million cash flow).

While the year-end results show positive financial news, this was not an easy year for a variety of reasons.

- **Distributor bankruptcy:** Early in 2003, we learned that one of our major journal subscription vendors had filed for bankruptcy, reporting that they were unable to pay the publishers (including APA) approximately $50 million in subscription payments that they had collected from universities across the country. APA’s share of that $50 million was $1.3 million. In the best interest of APA and to maintain our reputation as a publisher, we agreed, as did many other publishers, to furnish the 2003 journals ordered by the universities for which we were not paid. Because our approved budget allowed very little flexibility, careful management and tight across-the-board expense controls were required to cover these costs and stay within the Council’s mandated budget.

- **SARS:** In the spring of 2003, the SARS epidemic hit Toronto, host city for our annual convention. Significant concessions were negotiated from the city of Toronto which, when combined with our own cost-cutting efforts, enabled APA to salvage what could have been a disastrous convention. Total registration of 8,757 was 32% lower than the 1996 registration in Toronto, and 35% lower than the 2002 convention in Chicago. While convention-related revenues were down significantly from budget ($600,000), we were also able to reduce overall convention expenses ($460,000), thereby minimizing the negative impact on APA’s bottom line. (Note: Convention-related activity is subsumed in the “other” revenue and expense lines in Table 4.)

- **Cost reductions continued:** During 2003, the association continued the cost-cutting measures implemented in 2002 to help restore APA’s net assets. These measures included continuing the voluntary staff reduction program, having no salary/merit increase pool for staff, and employing many other operational restraints (printing/mailing/etc.). Based on the anticipated modest positive year-end results at that time, the Board of Directors authorized the CEO to issue after-tax bonus checks in the amount of $750 to each employee (mid-December) to partially compensate the staff for their support, given that there were no merit increases for 2003.

In addition to the revenue-related variances discussed above (journal subscriptions and convention), the final revenue variance of significance represents the exponential growth that APA has experienced in the licensing of its PsycINFO products. Due to the unrelenting efforts of our marketing staff to finalize 2003 licensing agreements during the last 45 days of the year, 2003...
ended with $21 million in licensing revenues. For comparative purposes, 2003 actual licensing revenues were $3.3 million better than our 2002 actual and $2.8 million over the 2003 final budget (February 2003). It is also important to note that 2003 marks the first year in which royalties/licensing income surpassed the income generated by hard copy journal subscriptions. We fully anticipate this trend to continue in the upcoming years. Management is making efforts to continue to monitor this shift from print to electronic so that we can efficiently meet and manage the market demands.

As for expenses, the single largest variance during 2003 occurred in salary and benefits. Salary and benefits for 2003 were down from our 2002 experience because of the one-time impact of the 2002 staff buy-outs as part of the voluntary staff reduction plan (VSRP) and the one-time 2002 impact of the termination package for the former CEO. Actual salary and benefit costs for 2003 were higher than the 2003 final budget because of two unbudgeted actions taken by the Board of Directors, namely, the December 2003 staff bonus as discussed above and the retroactive recognition for end-of-contract leave accruals for the executive directors.

To summarize, in spite of the various challenges and mid-year decisions, and with the hard work of our management and staff, we ended 2003 APA operations with a net gain of $2,429,000; the first surplus from operations in more than 5 years.

**The Future**

Despite a number of challenges, 2003 ended on a positive note with a substantial restoration of our net assets ($13.3 million). The refinancing of the APA buildings in late 2002 at lower interest rates over a longer amortization period has increased the net profits and cash flow generated by the buildings, which help subsidize APA programs and significantly contribute to the growth in APA net assets. The Finance Committee and Board of Directors have committed to preserve a substantial portion of the building returns for future contingencies. Building the asso-
ciation’s net assets assures our ability to withstand future financial challenges, and building sufficient reserves to pay-down building debt when deemed financially advantageous.

APA is a large and complex organization; this brief summary of APA’s finances can only address the highlights. Should you have any questions about the association’s finances, please send an e-mail to me at finances@apa.org.

### Income and Expense Statement

#### APA Operations (Unconsolidated)

<table>
<thead>
<tr>
<th></th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
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<td></td>
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<tr>
<td>Dues &amp; Fees</td>
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<td><strong>$81,588</strong></td>
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<td><strong>Expenses:</strong></td>
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<td></td>
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<td>Salaries and Benefits</td>
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<td>Consulting/Contractual</td>
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<td><strong>Total Expenses</strong></td>
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<td><strong>Net (Loss)/Gain from APA Operations</strong></td>
<td>($660)</td>
<td>($1,607)</td>
<td>($6,962)</td>
<td>($3,309)</td>
<td>$429</td>
</tr>
</tbody>
</table>

(All figures shown in thousands)

*All organizational deficits have been funded from the results of building activities, or the cash flow from buildings.*

### 2003 Finance Committee Members

Gerald P. Koocher, PhD, Chair  
Sandra R. Harris, PhD, Vice Chair  
Judith E. N. Albino, PhD  
Sharon S. Brehm, PhD  
Ronald E. Fox, PhD  
Nina K. Thomas, PhD  
Cheryl B. Travis, PhD
American Psychological Foundation

Mission and History
The American Psychological Foundation (APF) is a nonprofit, philanthropic organization that provides scholarships, grants, and awards in order to advance the science and the practice of psychology for the understanding of behavior and the benefit of human welfare. Established in 1953, with net assets of just over $500, APF’s net assets mounted to more than $12 million at the end of 2003. In the past decade, APF has grown by almost $10 million.

Campaign for a New Era
The APF Trustees began the Campaign for a New Era in January 2000, with the goal of raising $7 million, to increase the APF’s grant-making capacity in its existing scholarship, research, and award programs and to support initiatives where psychology can make the world a better place with research and programs in violence prevention and intervention and in the relationship between psychological and physical health. As of December 31, 2003, the campaign had realized over $6.5 million of the $7 million goal.

Grant, Scholarship, and Award Activity
In 2003, APF provided more than $400,000 in scholarships, research grants, and awards. Examples of major funding include the Elizabeth Munsterberg Koppitz Child Psychology Fellowships and Travel Stipends ($80,000), the Wayne F. Placek Research Grants for Understanding Homosexuality and Preventing Homophobia ($100,000+), the Violence Prevention and Intervention Initiative ($20,000), and the Education Directorate’s Esther Katz Rosen Center for Gifted Education and Policy ($145,000).

For more information on APF, contact Elisabeth Straus, executive director, at estraus@apa.org or 202-336-5824.