

Responses to Feedback on Area 8 Budget Process and Finances

Updated 10.20.16

Question One: Overall, how well do you feel our Area 8 Structure and Guidelines and our Finance Guidelines represent the way we should be conducting our Area's financial business? Are there changes that you feel would improve our effectiveness?

- *The S&G seem to be a little outdated and incomplete. Should we take a deeper look and do an overall update rather than piecemeal as we seem to be doing now?*
- *It would be helpful for ACM members to have more specific guidelines regarding our Area 8 proposed budget process, i.e. time frame when Budget requests and expense requests need to be submitted.*
- *The process is laid out and has been for some time, but we continue to generate next year's assumptions based on the experience of incumbent Officers and committee chairs without the input of the newly elected. And then the finance committee takes the input collected from the treasurer and modifies it based on assumptions or ratios that fit into a budget that fits within the boundaries of average budgets for the past 5 or so years. This guesstimate becomes our guide for the next year even though contributions and expenses bear only a minor resemblance to the projections.*
- *As we look at the experience of other Areas, we should consider their use of TWO Treasurers to divide the duties and make the time commitment more reasonable.*
- *Both our S&G and our Financial guidelines do not cover the way we are conducting our Budget process or the way we should be conducting the Budget process.*
- *Our only financial practice seems to be a single-minded obsession with guessing what the next year's contributions are going to be and limiting the budget to that guess. It is fear based. The problems with that approach are:*
 - *We make that guess based on the past. We are not focused on working to our purpose which is performing the services that are needed by our local groups or the local 12-step work there is to be performed by our committees.*
 - *We allow a committee of persons who are not financial professions but are simple elected like each of the rest of us, to exercise unauthorized authority over the work of all the trusted servants in the area. They do this in two ways:*
 1. *Over the entire membership of the assembly by withholding the details of the SUBMITTED budget, which limits the exercise of The Right of Decision of the members of the assembly; and*
 2. *Over the area's trusted servants by simply cutting the dollar amounts without identifying which duties or work are not to be performed. This doesn't make room for new work to be identified.*

- *We allow our fear to block an honest look at the work we are doing and not doing. We have to be willing to face and discuss the fear in phrases like, “We have to have someone make cuts or the budget will be \$60K.” Or, “Someone has to be reasonable.” What if the budget is actually \$60K? What if we start communicating we are planning to do \$60K in 12-step work? What is the worst thing that happens if we don’t get the money we set in the budget? Right now, we have to take an honest look at the wording of the guidelines and ask if the manner in which we are allowing the Finance Committee and Treasurer to interpret them to create a budget is actually what we practice. For example, the SUBMITTED budget is mentioned in the guidelines along with the assembly approving the expenses of the standing committees as well as the officers. Where in the guidelines does it say the cutting of the budget is done by either the Treasurer or the Finance Committee?*
- *We need to take a serious look at how the full range of our financial guidelines and the means we have invented for their use are:*
 1. *Restricting growth of 12-Step work*
 2. *Not in alignment to the principles of the Traditions and Concepts of Alcoholics Anonymous*
 3. *Inconsiderate of the need of our GSRs to work to communicate to ALL San Diego-Imperial Area groups. If we set the budget to the amount we are going to get, we cut out the need for the GSR. The GSR is our most important resource in learning the services that are needed by the groups. If we never learn their needs, we cannot deliver the needed services.*
 4. *There are several financial guidelines listed in the Major Motions that were passed in 1996. I have no doubt these guidelines were designed and adopted to prevent the recurrence of the problem they were created to solve. This is probably an excellent example of creating a permanent solution to a temporary problem as they appear to have been developed out of a resentment the area spent money. We need to return to a practice suited to funding and growing our 12-Step work.*
- ***First, we need a Reserve.*** *What is even more disturbing is the fact we have no reserve is hidden from view. Page 2 of our area’s S&Gs show the Operating Principles of THE SAN DIEGO-IMPERIAL AREA ASSEMBLY. The wording deceptively appears as Concept XII until you examine it for the missing words of “plus an ample reserve.” The reason this is not following the Concepts of Alcoholics Anonymous is seen by an excerpt from the beginning of Concept XII in the pamphlet, “Twelve Concepts Illustrated.”*

- *“This Concept consists of the General Warranties of the General Service Conference. **It is cast in stone**; that is, although Bill leaves the door open for alterations and changes in the other Concepts and points out that the rest of the Conference Charter “can be readily amended,” these General Warranties — like the Twelve Steps and the Twelve Traditions — be changed only by “written consent of three-quarters of all A.A. groups” in the world!*
- *Why? **Because “these Warranties indicate the qualities of prudence and spirituality which the Conference should always possess. . . . These are the permanent bonds that hold the Conference fast to the movement it serves.”***
- *The Warranties also express spiritual principles which apply to all other A.A. entities as well. Let us, then, consider these principles one by one:*
 - *The permanence of the Warranties is reinforced by Concept II, in referring to Article 12 of the Conference Charter, which is actually The Warranties.*
 - *“When, in 1955, the A.A. groups confirmed the permanent charter for their General Service Conference, they thereby delegated to the Conference complete authority for the active maintenance of our world services and thereby made the Conference excepting for any change in the Twelve Traditions or in Article 12 of the Conference Charter the actual voice and the effective conscience for our whole Society.”*
- *The guidelines restricting our financial growth have been in practice for 20 years now. This 20-year period coincides with the 20-year flat line in A.A. membership that is being brought squarely to the attention of the Fellowship. It may be purely coincidental; but it may represent an attitude that waned through the Fellowship and is now potentially fatal. Case in point is the 25% send-off guideline. Probably the most disturbing aspect of this funding limitation is the self-centeredness of the area that it must send funds to GSO. Our duty is to inform the groups of the status of their funding of the group services and 12-Step work we are supposed to do.*
- *What happens with our area’s guideline of the 25% send-off combined with the artificial belief that we should only budget for what we are going to get makes growth impossible. The lower we set the budget, the more likely we are to send off money when it comes in too fast. That’s because we neither spend nor do we receive money in equal quarterly amounts. So, we set ourselves up for being in a position to send off money and then turn around and ask for more. We are currently in the second cycle of this that I personally have experienced. This poor*

budget planning is uncooperative and disrespects the many other service boards and committees supported by our groups.

- *We need to understand how the mechanics of the total package of financial guidelines actually reduce, possibly eliminate, our ability to grow 12-Step work. The guidelines work quite well to insure the area does not retain funds. But this also means, we cannot be prepared to perform new 12-Step work that becomes available to us. We cannot simply insert all the 12-Step work of which we are aware or seek to do as our current budget practices allow the exercise of an artificially-created authority to cut the budget.*
- *The Finance Committee has adopted the practice of PROPOSING a budget based on the equivalent of a five-year average of contributions. The five-year average method is not in the guidelines. I really want someone to show me the guideline that authorizes the Treasurer and Finance Committee to remove amounts from the submitted budget and create their proposed budget. What is the fear generating this limitation? It can't be that we will end in a deficit because we do not have any ability to go into debt. If a shortfall occurred, we would have to communicate to the groups of our need for funds. Why don't we do this at the beginning of the year by setting the budget to the 12-Step work that is planned by the trusted servants who are SUBMITTING their budgets?*
- ***IF EVERYONE GETS WHAT THEY ASK FOR THE BUDGET WILL BE \$60k! (But what if we can do \$60k of 12-Step work?)***
- *We have no idea of the true and exact cost of our area's annual work. It very well could be \$60k! What we are actually doing is encouraging those who serve to pay their own way. Many are doing just that and say it's their way of contributing. This allows a portion of our expenses to go unrecorded. Ultimately, we are only making available the ability to serve to those who can afford to pay for their way to do the service. This is not in alignment with our 7th Tradition that tells us the place where money and spirituality mix is through the hat. If it doesn't come through the hat, the money is not the collective "ours". Money that is provided by the member who gives the service may be well-intentioned, but it is not in service to the whole as the lack of recording it serves to result in a reduction to the currently used five-year contribution average. The cost of the service was still incurred but it is not recorded. It is lying by omission. At worst, it may allow a trusted servant to think s/he can act for the area as s/he wishes without the responsibility to the whole.*
- *We have to ask ourselves if the practice of setting the budget to the prediction of what we are going to receive is actually serving our communication function. It is a practical **business** model to set the budgeted expenses to an amount the Finance Committee predicts we are sure to receive is practical. However, our budget should always be looked at as a **communication tool** with which we are equipping our GSRs to use in telling the groups about the status for funding the 12-Step work that is set in the budget. Of course, if the Finance Committee does*

not allow the work to be set in the budget in the first place, we are not going to get it. Nor should we.

- *When the Finance Committee creates a PROPOSED budget, it has already made a decision of NO on behalf of the assembly. The PROPOSED Budget does not appear in the area's S&Gs. It is also inappropriate for any standing committee to steer the decision of the body. The PROPOSED Budget actually limits the information delivered to the body and does not qualify as an informed group conscience. It allows the Finance Committee to exercise unqualified authority over the body. In exercising the authority, responsibility is removed from the groups.*

Question Two: How well do we explain the process and steps by which the Finance Committee and Treasurer prepare and recommend the Area's annual budget? Which pieces of the process are confusing to you or others?

- *Many attempts have been made to explain the process to the groups (via their DCMs) and the Assembly itself. Few if any members understand what is going on. And in many cases, they don't even know what their groups do with the 7th tradition funds collected.*
- *The budget presentation workshops were very informative and answered a lot of questions, however there are no guidelines regarding the creation of new line items and/or proposed unbudgeted funds at the Area Committee Meeting and also at the Area Assembly. ACM approved motions of new line items will not always be supported by the Area Assembly members.*
- *I think we are asking the wrong questions when reviewing budget requests. We should be asking: a) does this request, activity, etc. allow us to better support the 12-step work within our area? B) are we willing to actively go to our membership to seek support of this request if we did not include it in our original budget. I think many, including me, think we are short-focused in our efforts to protect and be good custodians of the Area's operating account funds.*
- *We send out BLANK budget sheets and expect each person to intuitively know exactly what to do. Then, they get called greedy and the committee exercises authority they don't have by cutting the submissions. What's even crazier is each newly elected officer is in place for 2 months and is asked to create his/her budget for the following year.*
- *Our actual expenses are not truly known by those who are in service to the area; therefore, we cannot make them known to our groups. Does our budget process offer our groups the opportunity to make an informed decision? Does it offer the groups their full responsibility to fund the area — OR does it allow the Area Treasurer and Finance Committee to accept full responsibility. We need to understand the more responsibility taken by the area itself, the less responsibility*

is realized by the groups we serve. This is because we are completely cutting the GSR out of the process.

- *Cutting out the GSR can easily explain why, as the years go by, fewer and fewer groups are contributing to our service boards and committees. The area is the frontline to carrying the message of the need to fund both the area and AAWS. The more we practice non-disclosure of the work available to do if funded, the less information GSRs have to pass on to the groups in the form of knowledge of the work done by the area as well as GSO.*

ROTATION:

- *We need to understand rotation. Officers who rotate in have a budget that was set for them by the officer who rotated out. This is the ONLY submitted budget the rotating-out officer has set with the benefit of experience of the duties. Here's what I mean: In the first year of a panel, an officer inherits a budget and knows nothing about how well that budget will or will not cover the expenses in exercising the duties of the office. WHAT IS NOT REVEALED is if the Finance Committee cut the budget that was submitted by the rotating-out officer. There is a strong possibility the rotating-in officer is under-funded because the Finance Committee is in the habit of cutting budgets to fit the bottom line and they do not detail what funding is cut for what duties. For the second year of the officer's term, the officer sets his/her own budget at the time s/he has THREE months of experience in the office. Even if s/he knows exactly the amount of the expenses to perform the duties, the submitted budget can be cut. This cycle does not serve to grow service in our area. It also does not make service positions available to all, which does not leave the area in a position to fulfill Concept IX —“Good service leaders, together with sound and appropriate methods of choosing them, are at all levels indispensable for our future functioning and safety...”*
- *Also, not allowing the full disclosure of all the duties of an officer is clouding how much time and effort it takes to serve in a position. We did see a lot of turnover of officers who did not fully understand the commitment.*

STANDING COMMITTEES

- *Each year, about half the standing committee chairs will rotate. They, too, are subject to the conditions of the rotating-out/rotating-in chairs. The practice used in cutting the budget has resulted in cutting the funds available to the standing committees.*
- *What will also happen is 12-Step work that was set in the budget may no longer be available or appropriate to do during the course of the budget period. Also, 12-Step work that was not budgeted may become available.*
- *We need to keep in mind the GSC Inventory is requesting our local committees take on more and more 12-Step work. We will soon take steps to connect our local area committees to their common committee in the other 92 A.A. areas. Our*

current budget process does not support A.A. as a whole if we do not support the growth of our standing committees.

INSTEAD OF CUTTING AND CALLING EVERYONE GREEDY, EDUCATE AND ASSIST IN THE BUDGET SUBMISSIONS

- *What is currently in practice is all officers and standing committee chairs are asked to submit their budgets. Then, through something that doesn't exist in the guidelines, we end up saying that everyone is asking for too much because we aren't going to get the amount which justifies the action of cutting the budget. Every two years, we have a new panel of officers with some who have never set a budget. Each year, about half the standing committee chairs are new. We saw on this last panel that many who stand for office have no idea of the time commitment which includes mileage. Can it be that no one is understanding the true time commitment because we are not informing all by showing the details of the budgeting?*

Question Three: What can the Finance Committee and Treasurer do to improve transparency concerning Officer/Committee Chair budget request submissions? Make it more transparent by listing them in the April ACM and then Assembly?

- *It might be helpful for the Finance Committee and Treasurer to give a short explanation of the requested budget submissions that have not been "approved" for the proposed budget to the ACM members. Keep a file/log with the submitted budget requests for reference and concerns.*
- *Set up education to assist in the budget development. Be brave and look at what is actually being submitted. Is it services to the groups or 12-Step work needed in our local area?*
- *We are not asking the right questions at budgeting time. We are not getting new items into the budget such as getting more officers to PRAASA or the Pacific Regional Forum. We do not get much needed new 12-Step work such as including young people and developing outreach to the elder community. We cannot design "Servathons" and engage more proactively in the year-round cycle of the Conference.*

Question Four: What are your thoughts about the timing of developing the budget and the timing of the Budget Assembly to vote on the budget? Is it too late or too early in the year?

- *I would suggest we conduct the Election Assembly in September and the Budget Assembly in November. That way the process can allow for a further modification (correction) of the budget with input from the newly elected officers.*

- *The time between the “ACM approved proposed budget”, the Budget Presentation Workshops, the proposed budget distribution to our groups and the Budget Assembly for final vote seems to be sufficient. An earlier proposal of the budget might not leave us with enough information to work with since most of the expenses have not yet been accounted for.*
- *It’s not so much the setting cycle, it’s the steps of the process. Start introducing the budget process at the area’s January DCM-Committee Chair Training session. Start maintaining better records of the budgets that have been submitted in the past. Start assisting officers and committee chairs in how to construct their budgets. Give officers examples of how to create mileage logs. These logs will be helpful to the next person who rotates into the position. Start reviewing the work funded in the budgets with the GSRs so they become knowledgeable of the work the area’s budget is covering. Ask them to check with their groups as to what services to the groups or 12-Step work that can be performed by the committees.*

Question Five: What ideas do you have about how we could improve our methods to create an accurate prediction of annual 7th tradition contributions:

- *We can’t. That’s the most spiritual part of the process. Its hands off and guided by the groups and their trusted servants themselves. The best we can do is continue to attract more GSRs to carry the message about finances between the groups and the Area.*
- *I’d like to see us start early and give the DCMs and GSRs feedback on what the groups and districts are contributing to the Area. I’d also like to see us develop our own “pie chart” rather than allows the Central Offices/Intergroups do that for us; they limit % to area.*
- *We should have good contact with other Areas to see what they do in this area and many others related to budget, contributions, etc.*
- *I would like to refer you to the A.A. World Services, Inc. Feasibility Study (in Jane's Delegate Newsletter): The annual operating expenses increase yearly due to inflation assembly by 2% (most likely the inflation rate is higher than that) which may be balanced by an increase of about 5% in 7th tradition contributions. Please, note that most members on Social Security, etc. in today's economy do not even receive the equivalent in a Cost of Living Adjustment. Let’s be honest: Though a few of us contribute more than one dollar, a lot of members still put one dollar into the baskets, “prospective” members don't put anything into the basket, then some assume that they never have to donate (“They vote with their dollar”) and others point to this part of the preamble ‘There are no dues or fees for AA membership;’ while not hearing the part ‘we are self-supporting through our own contributions’. How to we overcome the human condition?*

- *Predicting the 7th tradition contributions is like predicting the “Markets, if we knew how, we would all be rich. The best we can do is to use scientific tools like statistics (trends/data points, etc.)*
- *We need to put good tools in the hands of our DCMs and GSRs to better talk about the 7th Tradition and its importance.*
- *First, we need to practice our primary principle of honesty in showing all the 12-Step work that is available for us to do IF we receive the funds. In setting the budget to what we think we are going to get, we remove the need for the GSR to continuously communicate on the area’s need for funds. Discontinuing the information flow to the groups may also mean we have stopped the GSR reports regarding the groups’ need to fund GSO. 12-Step work, the area, and GSO have gone off the radar to the groups as we have sought to insure we set our budget to the amount we are automatically going to receive.*
- *We need to think about why we only have 90 GSRs when there are 1700 groups listed in the meeting directories of our two central offices. We also need to understand why and work with GSO to insure we give them correct group information.*

Question Six: What improvements, if any, can be made to engage our Districts and groups to better understand the budget process and/or how the Area uses its 7th tradition contributions?

- *It may be useful to Districts and groups to stress the fact that unforeseen events, such as important workshops, purchase of new equipment, etc. may occur during the year which will increase the budget. The Finance Committee may prepare a list of such unexpected expenditures referring to past year’s unbudgeted, unforeseeable expenses*
- *The current District presentation are poorly attended and might be a waste of resources for mileage, etc. Media opportunities might improve the coverage and attendance.*
- *Perhaps have a roundtable discussion where they help build a budget at an Area Assembly.*
- *Ensure they understand more about the entire process and how it ties into our 12-step work and “participation”.*
- *We need to have more GSR-friendly financial reports throughout the year. To do this, we should evaluate the use of QuickBooks vs. Excel.*
- *Continue improving budget presentations and continue having Budget Workshops and communicate the importance of attending these workshops.*
- *Suggest enlarging the Finance Committee so we can attend District Meetings vs. Budget Workshops.*
- *By practicing our primary principle of honesty in showing in the budget all the 12-Step work that is available for us to do IF we receive the funds. We need to*

insure we perform our primary responsibility in the service structure — communication.

Question Seven: What additional financial information, financial reports or budget projections would assist you in discussing the Area's finances or budget within your groups?

- *Here is a summary of additional aids for Finance discussion with our groups: 1. Continuation of the Budget Presentation Workshops 2. Detailed explanations for increases in the 3. File/log with the submitted budget requests as a reference. Less is more when it comes to explaining financial matters to non-financial consumers. Maybe better use of the information we already have and collapsing the presentation numbers so there are only totals. The drilling down can be done to clarify concerns and questions.*
- *We could turn the information in a different manner (I have an example). We could show our operating expenses as separate from other 12-Step work. It would be great to know what portion of the budget amount is simply going to cover operating expenses and what proportion goes to group and 12-Step services? Has the proportion needed to cover operating expenses been growing and the amount going to 12-Step work shrinking? Also, showing how expenses will roll out by developing a report that shows the specific annual quarter in which they will occur. This would help with the 25% send-off calculation.*
- *We can also work hand-in-hand with officers and standing committees that know they will not have need for funds that have been set in the budget. For example, there are dollars remaining in the General Service Conference for the Delegate. I have been reimbursed for all my 2016 GSC expenses. The remaining dollars are no longer needed from our groups.*
- *We could also record In-Kind donations, which is an acceptable practice for non-profits. An example is that I incurred \$100 in PRAASA expenses that was over the \$750 in the budget. To be sure we correctly fund our officers to these meetings that are vital to connecting us to AA as a whole, the Finance Committee could create a way to show the ACTUAL total PRAASA expenses were \$850 by posting the additional \$100 as an In-Kind Contribution. What we do now is to allow the Finance Committee to ENFORCE a limit of \$750 — no questions asked. This practice serves to limit the Right of Participation by not making service available to all.*
- *This goes for those who turn in expenses past the reimbursement date. The expenses were still incurred and are real if we are practicing honesty.*

- *The self-payment is a key aspect of service. We appear to encourage individuals to pay their own way rather than serve per the consent of the groups.*

Question Eight: What opinions, thoughts or ideas do you have about how our current budget process encourages our officers and committees to be as creative and effective as they can be in carrying AA's message? What should we do more of; what should we do less of?

- *Committees may consider upcoming committee workshops, seminars and incorporation of social media tools in their 12 Step work. Let us review/maybe cut mileage expenditures. Review of GSC Advisory Actions dealing with payment/reimbursements for carrying AA's message and paid 12 step work.*
- *We continue to trip over unbudgeted items like workshops and potential recurring expenses like translation and ASL. Our current move to create an adequate financial reserve will assist with this without exploding the budget.*
- *Our dread fear of the \$50,000 non-profit tax reporting ceiling needs to be dispelled. There are plenty of areas who raise and spend more than \$50K and \$100K without undue pain and strain. Suggest we reach out to some of our sister Areas who struggle with many of the same issues and have found workable solutions without upsetting any apple carts in their Areas.*
- *Perhaps we are asking the wrong questions when reviewing requests. We should be asking: 1) Does this request, activity, etc. allow us to better support 12-step work within our area? 2) Are we willing to actively go to our membership to seek support for this request if we did not include it in our original budget.*
- *Involve as many "stakeholders" in the Budgeting Process and let them be part of the "Budgeting Committee".*
- *We need to practice honesty and we need to work to support all GSRs in their service to continuously carrying information to the group. One of the things we do when set the budget to the amount of contributions we somehow magically KNOW we will receive, we are cutting out the need for the GSR to inform their groups on our finances. We also tell the groups "This is all we need." But we have kept a lot of information from them. I am certain if you review the figures to compare about of contributions to the amount of the budget, you will see contributions are usually lower than the budget. We also do not spend all we budget. We also say, "If we need money, we just ask our groups." We ignore the fact that our budget is the means by which we ask our groups for funds.*
- *Use Survey Monkey to poll the other 92 A.A. areas to learn the amounts of their budgets and their process for setting them. A question on the amount of their reserve would also prove to be enlightening. This will prove to be highly important. We suffer from the self-centeredness created by thinking we know everything and that our financial guidelines are spiritually superior (pride/arrogance) to those of all other areas. My question is if they are so superior, why hasn't any other area adopted them? There are areas that set their budgets and then insure the full amount is in the bank at the start of the year. The Connecticut area just increased their 2016 budget by \$20 in setting 2017 for*

\$171,000. That's quadruple the amount of ours. Their balance sheet shows a reserve close to 25% of the budget amount.

- *In the last seven years, all I have seen is fear and shame regarding money. We make a huge leap in assumption that those who are placed onto the Finance Committee or become our Treasurer are gifted with a special knowledge of financing the area's activities. We need education by looking at the practices of other A.A. areas. We suffer from the belief that our guidelines are somehow extremely spiritual. I have yet to hear specifically what makes them so spiritual. I can share that at the Conference I was approached by three trustees. One asked me if I was the delegate from San Diego. When I confirmed I am, he asked if we still have the same financial guidelines. I confirmed we do and they all three started laughing and walked away shaking their heads! I felt like I had been bullied on the playground.*
- *Below, I have inserted below the two guidelines that point to the fact the Finance Committee that is exercising unqualified authority in the name of following a guideline they invented. If the area assembly is never offered the opportunity to know and understand what is submitted and why, they cannot make an informed decision. They are turning over that responsibility to the Treasurer and Finance Committee. The more responsibility the Treasurer and Finance Committee take, the less responsibility there is for the groups to assume. Perhaps we are experiencing the worst case scenario in that our area committee meeting members as well as our GSRs are not reading and understanding our complicated guidelines. They simply accept the word of the Treasurer and Finance Committee that they have the authority. Without being questioned, this moves us further from our groups.*

V. I. 2. Alternate Delegate, Area Officers, and others will receive expenses **as approved by the Area Assembly.**

VI. D. Funding of Standing Committees: Standing Committees will be supported for any expenses, compatible with the Financial Guidelines, **as approved by the Area Assembly.**

At this point in A.A.'s history, we need to redouble our efforts to contact and call into service all the groups in our A.A. area. A.A. as a whole relies upon the work of each individual area to reach out to its groups and ask them to participate in the whole. This is in practice of our primary Tradition - Unity.