

SOUTHERN PROVINCE LEGISLATION

2005 Provincial Council Meeting

PROPOSAL 1

Submitted by:

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Summarization of the Proposal:

The proposal is an amendment to the Bylaws to provide for a single (lifetime) national dues amount, and to allow the Board of Directors and the Executive Director more flexibility in managing revenue from dues.

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Amending Article XV (Finances) Section 4 (Initiation Fee) as follows:

Section 4. Initiation Fee --- The total initiation fee to be paid by each member of the chapter shall be determined by the Bylaws of the chapter, but shall in no event be less than the national initiation fee plus the lease fee of an official badge of this Fraternity. Each chapter shall be responsible for the collection of the initiation fees. No pledge shall be initiated by any chapter until the entire local initiation fee has been paid in full and all other financial obligations have been fulfilled to the satisfaction of the chapter. Each chapter Vice President-Finance shall remit, immediately following the initiation, to the Central Office a national initiation fee ~~which shall be no less than thirty dollars (\$30.00) nor more than ninety five dollars (\$95.00)~~, as may be determined from time to time by the Board of Directors, for each Collegiate, Faculty and Honorary Member initiated. Failure to remit such initiation fees promptly shall cause the chapter to be subjected to such disciplinary action as may be provided for in the Laws of this Fraternity.

Removing Article XV (Finances) Sections 5 (Collegiate Dues) and 6 (Alumni Dues):

~~Section 5. Collegiate Dues --- The national dues of the Collegiate Members shall not be less than fifteen dollars (\$15.00) per semester and trimester or ten dollars (\$10.00) per quarter, nor more than forty five dollars (\$45.00) per semester and trimester or thirty dollars (\$30.00) per quarter, as may be determined from time to time by the Board of Directors. National dues shall be payable thirty (30) days from the first day of classes in each academic term. The Board of Directors may establish such discount for prompt payment as it may deem advisable.~~

~~Section 6. Alumni Dues --- The annual dues of all Alumni shall be such amount as may be determined, from time to time, by the Board of Directors and shall be payable directly to the Central Office.~~

Inserting a new Section 5 (National Dues) in Article XV (Finances) as follows:

Section 5. National Dues --- The National Dues of the Fraternity shall consist of a single amount per initiate to be determined from time to time by the Board of Directors. Each chapter Vice President-Finance shall remit National Dues to the Central Office in accordance with the following schedule:

- **National Dues shall be payable by February 15th for all Collegiate Members initiated by the chapter in the months of July through December of the previous calendar year**
- **National Dues shall be payable by October 15th for all Collegiate Members initiated by the chapter in the months of January through June of the current calendar year.**

The Board of Directors may establish such discount for prompt payment as it may deem advisable. Failure to remit such National Dues promptly shall cause the chapter to be subjected to such disciplinary action as may be provided for in the Laws of this Fraternity.

Inserting a new Section 6 (Local Dues) in Article XV (Finances) as follows:

Section 6. Local Dues --- Each Collegiate and Alumni Chapter may establish Local Dues on a schedule and in amounts in accordance with the Bylaws of the Chapter.

Explanation Provided by the Submitter:

- The amendment will:
 - Simplify the dues assessment process
 - Reduce administrative costs associated with dues collection
 - Remove a financial obstacle to remaining a member of a chapter
 - Make better use of professional staff management expertise
 - Provide flexibility at the chapter level when it comes to considering individual members needs.
- Membership in Delta Sigma Pi is for life. You should not have to ‘rent’ it on a semester by semester basis until you finish college.
- The national fraternity recoups its investment in each new member in a much shorter time period, providing a better match between the up front costs to the fraternity as new members are initiated and the payments from the members who benefit from fraternity services.
- A financial obstacle to remaining an active participant of a chapter is removed. The intention is that by reducing the ongoing financial requirement, there will also be less of a demand for inactive status and less of a need for trials of non-paying members. Chapters will have greater flexibility in responding to individual needs of their members, and will be able to waive the local dues without an impact on the amounts paid to the Central Office.
- The member roster will no longer be used for assessing dues, so a potential point of contention between the national fraternity and its chapters is eliminated.

- The Board of Directors and the Executive Director are given more control over the fraternity's revenues and more flexibility in determining initiation fees and dues so revenue goals can drive budgets rather than costs.
- Establishing a lifetime national dues amount may have a positive effect on how prospective members view our fraternity. A one time national dues amount may help focus prospective members on the higher value we provide.

A possible negative aspect of implementing the proposal is:

- Increased initial dues amount will have an unknown impact on the number of members joining Delta Sigma Pi. The impact (price sensitivity) will be difficult to determine until after the proposal has been implemented for several years. For new members, paying an initiation fee and the full national dues within a 6-month time period may create a financial hardship.

A brief cost analysis of the proposal is:

- The intent of this proposal is that the total funding the national fraternity receives from dues payments would remain similar to what it is today. Based on the dues revenue from the 2003-2004 Annual Report (\$552,147) and the number of initiates for 2003-2004 (4,461), national dues of \$125 per initiate would have provided essentially the same revenue.
- Break even points in terms of numbers of initiates at several price points (assuming the need for \$600,000 in dues revenue – a 9% increase from 2003-2004):

<u>National dues</u>	<u>Number of annual initiates</u>
\$125	4,800
\$150	4,000
\$175	3,429
\$200	3,000

- The annual number of initiates over the last 5 years averages 4,308 with a low of 4,236 in 2001-2002 and a high of 4,461 in 2003-2004 (from 2003-2004 Annual Report).
- There are potential cost savings in the administrative burden related to assessing and collecting dues from collegiate chapters, but the actual dollar amount of savings would probably be minimal. It is likely that the real savings would come from shifting staff effort from assessing dues and administering dues rosters to other projects and services provided by the Central Office.
- Existing Collegiate Members and graduate student Alumni Members who belong to a collegiate chapter would benefit greatly from this proposal. Members initiated prior to January 1, 2006 would not pay additional National dues after June 30, 2006 regardless of how long they remain a part of a chapter.
- New initiates (beginning with those initiated in January of 2006) would have an average lifetime cost of membership that is similar to what they are paying now on a cumulative basis. Individual initiates might benefit depending on when they join Delta Sigma Pi. For example, a member joining as a freshman who remains a member of a collegiate chapter for 7 semesters would currently pay \$37.50 each semester, or \$262.50 in total national dues. Someone initiated as a senior who graduates after 1 semester as a collegiate member

currently only pays \$37.50 in total national dues. Under the proposal, freshman, sophomores, juniors, seniors, and grad students would all pay the same amount of national dues at the rate set by the Board of Directors.

Recommended implementation date and logic for selecting this date

If this proposal is approved at the 2005 Grand Chapter Congress, it would be effective with the beginning of the fraternity's fiscal year in 2006 (July 1, 2006). Choosing this effective date will:

- Allow the professional staff and volunteer leadership to consider the new dues collection plan as part of their overall budgeting process for 2006
- Provide ample time for the fraternity to establish such policies and procedures as will be needed to implement the new process, and to communicate the new policies and procedures to all Delta Sigma Pi chapters
- Allow a fair and accurate description of the obligations of future members prior to their decision to join the fraternity.

NOTES:

Passed

Passed as amended

Failed

PROPOSAL 2

Submitted by:

Tampa Bay Alumni Chapter
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Summarization of the Proposal:

To amend Policies B.9, B.15, and B.21 regarding the signature requirement for the signing of chapter checks and change from two required signatures to three for collegiate chapters only when the check is made payable to the president.

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Proposed language of new policies:

Policy B.9. Duties of the President—The president has the following duties and powers:

- a. To act as the chief executive officer of the chapter.
- b. To call special meetings in accordance with the chapter bylaws.
- c. To see that the officers of the chapter discharge their duties impartially, accurately, faithfully, and promptly.
- d. To enforce the strict observance of Delta Sigma Pi's Bylaws, Policies and Procedures.
- e. To appoint such committees provided for in the chapter bylaws.
- f. To appoint such officers provided for by Delta Sigma Pi's Bylaws, Policies and Procedures.
- g. To sign all certificates of membership for members initiated by the chapter while in office.
- h. To countersign all chapter checks **and to ensure a third signature on any check made payable to the chapter president.**
- i. To ensure that the chapter Executive Committee develops and maintains a strategic plan, in coordination with the vice president-chapter operations. Such plan, including updates, must be submitted to the Central Office semi-annually.
- j. To serve as delegate to the Provincial Council unless unable to attend.
- k. Complete and electronically submit an accurate annual census of chapter information to the Central Office.

Chapter bylaws may provide the president with other duties and powers.

Policy B.15. Duties of the Vice President—Finance (VPF)—The vice president—finance has the following duties and powers:

- a. To oversee the receipt and expenditure, upon duly authorized orders, of all monies of the chapter.
- b. To oversee the preparation of an annual chapter budget; monitor revenue and expenses in relation to the budget; and promptly report any variances to the chapter.

- c. To oversee the keeping of an accurate account of the receipts and expenditures of the chapter in a standardized accounting system which must be open at all reasonable times for inspection and examination.
- d. To ensure such reports as may be required by the Central Office are forwarded without unreasonable delay.
- e. To ensure the Central Office is notified if a member of the collegiate chapter is or is not in good standing upon graduation or withdrawal from the chapter in accordance with such procedures as may be prescribed by the Executive Director.
- f. To ensure that badges are ordered and paid for 30 days before each initiation.
- g. To ensure that all financial obligations affiliated with initiations are submitted to the Central Office within seven days following each initiation.
- h. To ensure that member dues are paid to the Central Office within 30 days of the first day of classes in each academic term.
- i. To ensure all chapter checks are signed by two different executive officers in which 1) neither officer is the vice president-finance and 2) the check is not made payable to one of the check signers **without the signature of another officer**. Before signing the check, the two **signing** officers should ensure the check is properly approved (chapter previously approved transaction or was already included in the approved budget) and receipts/invoices have been obtained and filed with the vice president-finance.
- j. To ensure that payment to the Central Office for invoices covering chapter liability insurance, regalia use and the Grand Chapter Congress travel fund are promptly submitted.
- k. To ensure an independent accounting review of the chapter's finances for the prior fiscal year is completed annually by July 15. The reviewer may be a CPA, a member of the school's accounting faculty, or similar professional.

Chapter bylaws may provide the vice president–finance with other powers and duties.

Policy B.21. Checking Account—Each chapter must maintain a checking account in a bank that is federally insured (FDIC or FSLIC) or with the business office of the college or university at which the chapter is located. ~~All checks must be signed by two different people, one of which is the chapter president and the other a different nationally recognized chapter officer, who is not the vice president-finance.~~

- a. **To be in compliance with current banking regulations, three signature cards should be on file with the bank for all chapter checking accounts. All three signatures must be of current nationally recognized officers, except the vice president- finance.**
- b. **All checks must be signed by at least two different officers whose signatures are on file at the bank. Checks not made payable to the chapter president should be signed by the chapter president and a different nationally recognized chapter officer, who is not the vice president-finance. Checks made payable to the chapter president should be signed by the chapter president and two different nationally recognized chapter officers, neither of which is the vice-president-finance.**

Explanation Provided by Submitter:

- This recommendation is to prevent and proactively mitigate against check fraud and/or misappropriation of chapter funds. To establish internal controls of cash management as set forth in the Sarbanes-Oxley Act of 2003.

- This measure will help prevent fraud and theft, teach internal control methods and promote accountability and responsibility. This will also serve to prepare business students for when they enter the corporate environment of Sarbanes-Oxley compliance.
- There are no real monetary costs associated with this proposal. There might be a very insignificant time cost of executing a third signature card for the chapter bank account.

Recommended implementation date and logic for selecting this date

Fall 2005. Obviously this needs to be implemented quickly as to close the door on future possible instances of fraud.

NOTES:

Passed

Passed as amended

Failed

PROPOSAL 3

Submitted by:

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Summarization of the Proposal:

Change the name of the South Atlantic Region to the Floribbean Region.

Explanation Provided by Submitter:

- The purpose of this proposal is to change the name to reflect the geographic boundaries of all the chapters, which includes South Florida and the Caribbean islands, because not all chapters border the Atlantic Ocean.
- The name would cheerfully reflect the boundaries of the region.

A brief cost analysis of the proposal is:

Cost of re-printing fraternity materials.

Recommended implementation date and logic for selecting this date

February 19, 2005. This would take effect immediately after the vote at the Provincial Council Meeting.

NOTES:

Passed

Passed as amended

Failed