BUDGET ANALYSIS AND REVIEW COMMITTEE

BARC Report to Council

Clara N. Bohrer
BARC Chair for 2012 - 13

Midwinter Meeting
Saturday - January 26, 2013
Seattle, WA
BARC REPORT

Budget Update
- Fiscal Year 2013 Budget Adjustments
- Fiscal Year 2013 First Quarter Results
  - Three Months Ending 11-30-12

Other Activities
- Personal Dues Adjustment Proposal
- United for Libraries Extension Request
- ALA Financial Learning Series
## FY13 Total ALA Revenue Budget Adjustments*

*Since Annual Conference in Anaheim, CA*

<table>
<thead>
<tr>
<th></th>
<th>Approved in Anaheim</th>
<th>Approved in Chicago</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$31,640,176</td>
<td>$31,640,176</td>
<td>$</td>
</tr>
<tr>
<td>Divisions</td>
<td>13,529,445</td>
<td>13,454,651</td>
<td><em>(74,794)</em></td>
</tr>
<tr>
<td>Round Tables</td>
<td>394,664</td>
<td>401,704</td>
<td>7,040</td>
</tr>
<tr>
<td>Grants &amp; Awards</td>
<td>4,711,672</td>
<td>6,285,991</td>
<td>1,574,319</td>
</tr>
<tr>
<td>Long Term Investments</td>
<td>936,716</td>
<td>936,716</td>
<td>0</td>
</tr>
<tr>
<td>Total ALA Budgeted Revenues</td>
<td>$51,212,673</td>
<td>$52,719,238</td>
<td>$1,506,565</td>
</tr>
<tr>
<td>Total Budgetary Ceiling**</td>
<td>$65,026,831</td>
<td>$66,533,396</td>
<td>$1,506,565</td>
</tr>
</tbody>
</table>

*Includes revenue transfers

**Represents ending FY12 net asset balance + FY13 projected revenues or the maximum amount that can be spent during the fiscal year.
# FY13 Total ALA Expense Budget Adjustments
Since Annual Conference in Anaheim, CA

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>General Fund</td>
<td>$31,440,176</td>
<td>$31,348,405</td>
<td>$(91,771)</td>
</tr>
<tr>
<td>Divisions</td>
<td>15,165,377</td>
<td>15,214,826</td>
<td>49,449</td>
</tr>
<tr>
<td>Round Tables</td>
<td>316,125</td>
<td>321,073</td>
<td>4,948</td>
</tr>
<tr>
<td>Grants &amp; Awards</td>
<td>4,711,672</td>
<td>6,285,991</td>
<td>1,574,319</td>
</tr>
<tr>
<td>Long Term Investments</td>
<td>779,193</td>
<td>779,193</td>
<td>0</td>
</tr>
<tr>
<td>Total ALA Budgeted Expenses</td>
<td>$52,412,543</td>
<td>$53,949,488</td>
<td>$1,536,945</td>
</tr>
</tbody>
</table>
FY13 Budget Adjustments

- Careful Management of Expenses -

- The FY13 budget was developed with $291,771 in net revenue in the General Fund to replenish the net asset balance.

- The General Fund FY13 budget was initially developed with a ½% reduction in expenses when compared to the FY12 budget.

- Management successfully negotiated favorable rates with healthcare providers, which will result in expense savings on the medical benefits provided to staff.

- Management has also requested that the General Fund units provide an additional $400,000 in expense savings. This process is currently underway.

- Management is delaying the proposed 1% adjustment to base salary for staff until March 2013 after reviewing 6 month financial results and will do a similar delay to October 2013 for the 1% year-end compensation adjustment based on year-end results.
Three Month Highlights

- Total ALA Revenue - $8.8 million
  - Less than budget by $1.7 million

- Total ALA Expenses - $10.4 million
  - Less than budget by $1.9 million

- Cash and Investments - $16.0 million
  - Less than last year by $3.1 at $19.1 million

- Endowment Fund - $32.5 million
  - More than last year by $1.7 million at $30.8 million
Three Month Highlights
- Total ALA Net Revenue -

<table>
<thead>
<tr>
<th></th>
<th>Nov-11</th>
<th>Nov-12</th>
<th>Budget</th>
<th>Variance</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenues</td>
<td>$ 9,644,995</td>
<td>$ 8,758,244</td>
<td>$ 10,498,333</td>
<td>$(1,740,089)</td>
<td>-16.6%</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>$ 10,374,344</td>
<td>$ 10,381,623</td>
<td>$ 12,285,276</td>
<td>$ 1,903,653</td>
<td>15.5%</td>
</tr>
<tr>
<td>Net Revenue</td>
<td>$(729,349)</td>
<td>$(1,623,379)</td>
<td>$(1,786,943)</td>
<td>$ 163,564</td>
<td>10.1%</td>
</tr>
</tbody>
</table>
Three Month Highlights

- **General Fund Revenue - $4.9 million**
  - Less than budget by $1.0 million (-17.4%)
  - More than November in FY12 by $436,715 (9.9%)
  - Dues income @ $1.4 million is less than budget by $37,659 (2.6%)
  - Publishing revenue @ $3.1 million is less than budget by $947,593 (-23.3%) due to lower sales of ALA Editions, Graphics and Digital Reference

- **General Fund Expenses - $6.2 million**
  - Less than budget by $858,417 (-12.1%)
  - More than November in FY12 by $633,703 (10.3%)
### Three Month Highlights
- General Fund Revenues/Expenses/Net Revenue -

<table>
<thead>
<tr>
<th></th>
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<th>Nov-12</th>
<th>Budget</th>
<th>Variance</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$ 4,417,720</td>
<td>$ 4,854,435</td>
<td>$ 5,877,022</td>
<td>$(1,022,587)</td>
<td>-17.4%</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>$ 5,576,172</td>
<td>$ 6,209,875</td>
<td>$ 7,068,292</td>
<td>$ 858,417</td>
<td>12.1%</td>
</tr>
<tr>
<td><strong>Net Revenue</strong></td>
<td>$(1,158,452)</td>
<td>$(1,355,440)</td>
<td>$(1,191,270)</td>
<td>$(164,170)</td>
<td>13.8%</td>
</tr>
</tbody>
</table>
Three Month Highlights

- **Division Revenue - $2.6 million**
  - Less than budget by $221,592 (-7.9%)
  - Less than November in FY12 by $1.2 million (-31.4%)
    *Due to the AASL conference held in 10/11*
  - Dues income @ $677,455 is more than budget by $4,795 (0.7%)

- **Division Expenses - $3.0 million**
  - Less than budget by $390,380 (-11.6%)
  - Less than November in FY12 by $646,055 (-14.1%)
## Three Month Highlights
- Divisions Revenues/Expenses/Net Revenue -

<table>
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<tr>
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<th>Nov-12</th>
<th>Budget</th>
<th>Variance</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$3,746,348</td>
<td>$2,571,984</td>
<td>$2,793,576</td>
<td>$(221,592)</td>
<td>-7.9%</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>$3,477,665</td>
<td>$2,987,924</td>
<td>$3,378,304</td>
<td>$390,380</td>
<td>11.6%</td>
</tr>
<tr>
<td><strong>Net Revenue</strong></td>
<td>$268,683</td>
<td>$(415,940)</td>
<td>$(584,728)</td>
<td>$168,788</td>
<td>28.9%</td>
</tr>
</tbody>
</table>
At Annual Conference: BARC provided general input on two suggested dues adjustment strategies.

At Fall Meeting: BARC studied and discussed the proposal financial model for using an external index (CPI) and recommended to the Executive Board approval of the dues adjustment proposal.

At Midwinter: Discussed changes to the initial proposal and concurred with Executive Board action to approve.
United for Libraries Joint Trustee Membership Proposal

- Two years ago BARC reviewed and recommended to the Executive Board approval of a two year trial period for a new group membership model for the newly-formed division of ALTAFF.

- The purpose of the original proposal was to offer a group membership model for retaining 3,000 FOLUSA member groups. Evidence indicated that the program has been beneficial for United for Libraries during the trial period.

- The program also provides United for Libraries with a better way to market itself to groups and boards, particularly statewide group memberships.

- United for Libraries asked for an extension of the trial for another two year period.

- BARC, F&A and the Executive Board all approved at the Fall Meeting.

*Staff Support and Student membership*
ALA Financial Learning Series

- Organizational Structure
- Budget Cycle and Process
- The Operating Agreement
- The Long-Term Investment Fund
- Round Tables Financial Orientation
Access to Webcasts

ALA Website
ALA Online Learning Offerings by Unit:

http://ala.org/onlinelearning/unit (Generic Text about Finance/Governance Offerings)

ALA Online Learning by Unit:

http://ala.org/onlinelearning/unit/finance (links to the page for each of the four events)

http://ala.org/onlinelearning/unit/governance (links to the page for each of the four events)

1. http://www.ala.org/aboutala/governance/financialdata/treasurerspage/learnorgstructure

Treasurer’s Page

http://www.ala.org/aboutala/governance/financialdata/treasurerspage (links to the page for each of the four events)

ALA YouTube Channel

Financial Learning Series Playlist

http://www.youtube.com/user/AmLibraryAssociation#g/c/4234E31B4C2F3EE9 (links to each of the 5 recordings)
Thank You for Your Attention