Treasurer’s Report to Council

Fiscal Year 2020

- Annual Estimates of Income -

Susan Hildreth – ALA Treasurer

Tuesday – June 25, 2019
Annual Conference – Washington, DC
A Modern Association for a Modern Profession

Framework for FY 20 Budget
ALA General Fund Net Revenues (Expenses)

Fiscal Year


Revenue

$-(437,067)

$(1,372,230)

$906,587

$279,375

$(1,067,553)

$(1,693,796)

$(876,532)

$(3,606,163)

$- $(500,000)

$(500,000)

$- $500,000

$- $1,000,000

$- $1,500,000

$- $2,000,000

$- $2,500,000

$- $3,000,000

$- $3,500,000

$- $4,000,000

Neal Schuman Acquisition

Year 2 of investment plan

*FY19 Management Projection  **FY20 Revised Budget

Source: ALA Audited Financial Statements
FY 2020 Preliminary Budget

Reviewed by BARC and
the Executive Board at their
2019 Spring Meetings
ALA Programmatic Priorities – Aligned with the FY 2020 Budget

- Advocacy for Libraries and the Profession
- Diversity
- Equitable Access to Information and Library Services
- Education and Lifelong Learning

- Literacy
- Organizational Excellence
- Intellectual Freedom
- Transforming Libraries
Strategic Directions
- Strategic Framework aligned with FY 2020 Budget

- **Advocacy**
  Advocate for the public value of librarians, libraries and information services

- **Professional and Leadership Development**
  Promote the professional and leadership development of librarians and library workers which is essential to high-quality professional practice and the future of libraries and information services

- **Equity, Diversity and Inclusion**
  The ALA recognizes that equity, diversity and inclusion impact all aspects of work among members of the Association, the field of librarianship, and the communities served by libraries.

- **Information Policy**
  Focus at every level on a diverse set of policy areas that includes:
  - intellectual freedom
  - privacy
  - civil liberties
  - telecommunications
  - funding for education and research programs
  - funding for libraries
  - copyright and licensing
  - government information
  - literacy
FY 20 Preliminary Budget Details
(The Numbers Behind Our Plan for FY 20)

- General Fund FY20 Revenue Budget of $28.1M
- General Fund FY20 Expense Budget of $31.0M
- Budgeted FY20 Net Expense of ($2.9 M) – due to Investment budget
- Support from Net Assets of $2.9 M
Key Supplemental Investment Areas in FY20

- Development - $276,000
- Advocacy - $492,000
- Information Technology - $1.5M
Key Supplemental Investment Areas in FY20

Development ($276K)
• Enhance fundraising capacity
  ✓ Increased staff from 3 to 6 in February 2019
  ✓ Major gifts director, prospect researcher and support staff in place
  ✓ Enhanced donor engagement and contributions working with CRM (customer relationships management) platform and Philanthropy Advisory Group

Benefits to the Association
✓ Will increase staff capacity resulting in stronger donor engagement
✓ Will result in additional donor dollars
✓ More effective donor stewardship through CRM will lead to more successful fundraising
Key Supplemental Investment Areas in FY20

Advocacy ($492K)
Support 21st century advocacy efforts
✓ CRM (customer relationship management) system for advocacy information
✓ Support for enhanced outreach and engagement
✓ Support for National Public Policy Corps

Benefits to the Association
✓ Provides more strategic focus on policy issues and targeted outreach
✓ Supports a year-round strategy for Advocacy, with enhanced capacity for mobilization efforts and campaigns
✓ Continues “Fly-In” event early in budget season for strategic legislative contacts to jump-start annual budget campaign
✓ Revitalizes National Legislative Day in spring 2020
✓ Creates more impactful legislative advocates, both key local players and broader grassroots networks
Key Supplemental Investment Areas in FY20

**Information Technology ($1.5M)**
Investment will strengthen IT infrastructure and services
✓ Second year of three-year planned investment for capacity and customer service

**Benefits to the Association**
✓ Will improve experience of the 8 million+ annual visitors to ALA’s web site
✓ Enhanced opportunities for members and staff to working more efficiently and collaboratively, for a more effective Association
✓ Continue role of CIO and add business analyst and community specialist to work with staff and members on effective project delivery and performance
✓ Continue to move functions and services to the cloud
✓ Dashboard will improve reporting capabilities, save staff time and inform more effective decision making
# Measuring ROI on Investments

## Focus Area

### Information Technology
- Better Member Service
- Increased Employee Productivity
- More Successful IT Projects

### Advocacy
- Stronger, More Effective Member Relationships with Key DC Stakeholders
- Enhanced Professional Development Opportunities
- Targeted, More Efficient Relationship Building Strategies

### Development
- Additional Revenues for the Association
- Increased Member Engagement

## Anticipated Benefits
- Member Satisfaction Scores
- Projects Delivered On Time/Budget
- IT Expense as % of Revenue

## Potential ROI Metrics
- Number of Advocates
- Number of Connections
- Number of Strategic Visits
- Number of Participants at State and Local Levels
- Total Additional $ Raised
- Additional GF $ Raised
- Number of donors
- Median gift/Average gift
- Number and $ planned pledges

To ensure benefits are realized, ALA management will track and report on specific key performance metrics by investment area. These can be reported along with key outcome metrics, such as ALA’s Net Promoter Score.

NPS: Net Promoter Score. Per the “ALA FY2018 Final Survey Report, “ p.31 from Ave M, “NPS...is a measure that captures future customer loyalty.. and has been shown to correlate with business growth.”
Investment Plan

- Invest $8.8MM in initiatives and infrastructure to improve mission capabilities and financial sustainability of Association.
Funding Strategy: Match Uses and Sources

**USES = Investments by Focus Area**

<table>
<thead>
<tr>
<th></th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IT</td>
<td>632,200</td>
<td>908,200</td>
<td>2,481,200</td>
<td>4,021,600</td>
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<tr>
<td>Advocacy</td>
<td>300,000</td>
<td>370,000</td>
<td>370,000</td>
<td>1,040,000</td>
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<tr>
<td>Development</td>
<td>176,750</td>
<td>276,000</td>
<td>292,000</td>
<td>744,750</td>
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<tr>
<td><strong>Total Operating</strong></td>
<td>1,108,950</td>
<td>1,554,200</td>
<td>3,143,200</td>
<td>5,806,350</td>
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<tr>
<td><strong>Capital</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IT</td>
<td>728,298</td>
<td>605,298</td>
<td>1,466,965</td>
<td>2,800,561</td>
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<tr>
<td>Advocacy</td>
<td>110,000</td>
<td>62,000</td>
<td>62,000</td>
<td>234,000</td>
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<tr>
<td>Development</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td><strong>Total Capital</strong></td>
<td>838,298</td>
<td>667,298</td>
<td>1,528,965</td>
<td>3,034,561</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td>1,947,248</td>
<td>2,221,498</td>
<td>4,672,165</td>
<td>8,840,911</td>
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**SOURCES = Funding by Source**

- Operating Expense Decrease/Re-allocation
- Incremental Revenues
- Debt
- Asset Sale

**Operating Need**
$1.1M - $3.1M from FY19-21

**Capital Need**
$3.0M FY19-21 Total
GF Funding Cycle and Path to Sustainability

Sustainability requires
- GF office and supporting service expenditures no more than projected spend down/odd year revenues
- Consistent growth of GF revenues in line with increases in projected personnel expense and inflation (assume increases of 2% COLA, 7% medical expense, and 2% inflation)
- Reinvestment of surpluses in two conference/even years in ALA infrastructure and new products and services

Assuming 2% salary increases in conference years only, General Fund revenues must grow 2-3% p.a. to cover requirements above
How Do We Support These Investments?

Funding Options and Strategies Available to Use

- Working Capital (ALA Cash)
- Bank Financing
- Leveraging ALA Real Estate
- Using the Association’s Net Assets
- Endowment Fund
Per Article IX, Finances, Section 1 of ALA's Bylaws: Annual estimates of income shall be based upon the unexpended balance remaining from the previous year plus anticipated revenues for the next budget year. BARC is charged with reviewing and approving the Annual Estimates of Income.

<table>
<thead>
<tr>
<th>Annual Estimate of Income</th>
<th>Total ALA</th>
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<tbody>
<tr>
<td>ALA Net Assets (projected at end of FY 2019)</td>
<td>$36,293,537</td>
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<tr>
<td>FY 2020 Budgeted Revenues</td>
<td></td>
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<tr>
<td>General Fund</td>
<td>28,129,076</td>
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<tr>
<td>Divisions</td>
<td>15,879,912</td>
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<tr>
<td>Roundtables</td>
<td>531,238</td>
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<tr>
<td>Grants &amp; Awards</td>
<td>4,190,692</td>
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<tr>
<td>Endowment</td>
<td>701,286</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>49,432,204</td>
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<tr>
<td>FY 2020 Annual Estimates of Income</td>
<td>$85,725,741</td>
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**Memo Only**

<table>
<thead>
<tr>
<th>Estimates of Income by Fund</th>
<th>Divisions</th>
<th>Round Tables</th>
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</thead>
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<tr>
<td>Available Net Asset Balance (projected at end of FY 2019)</td>
<td>$13,263,800</td>
<td>$1,895,316</td>
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<tr>
<td>FY 2020 Budgeted Revenues</td>
<td>15,879,912</td>
<td>531,238</td>
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<td>FY 2020 Annual Estimates of Income</td>
<td>$29,143,712</td>
<td>$2,426,554</td>
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General Fund Annual Estimate of Income

Budgeted FY 2020 Revenues

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Dues</td>
<td>$5,655,879</td>
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<tr>
<td>Material Sales</td>
<td>4,381,170</td>
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<td>Subscriptions</td>
<td>2,667,193</td>
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<td>Advertising</td>
<td>4,383,881</td>
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<tr>
<td>Meetings/Conferences</td>
<td>8,682,500</td>
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<tr>
<td>Miscellaneous</td>
<td>2,358,453</td>
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</table>

Total Annual Estimate of Income (2020) $28,129,076
Request Council Approval of the

FY20 Annual Estimates of Income of
$85,725,741
Mark Your Ballot

FY20 Annual Estimates of Income
Thank You