

Planning and Budget Assembly

- BARC Fiscal 2013 Budget Update -

1 Clara Bohrer - BARC Chair

Annual Conference
Sunday, June 30, 2013
Chicago, IL

FISCAL YEAR 2013 STATUS

- 9 month Period Ending May 31, 2013

- ❑ **Total ALA Revenues** (all combined funds) :
\$33,517,178 or less than budget by \$1,879,690 (-5.3%)
- ❑ **Total ALA Expenses** (all combined funds) :
\$35,409,571 or less than budget by \$3,639,035 (-9.3%)
- ❑ **General Fund Revenues:**
\$17,424,192 or less than budget by \$2,425,008 (-12.2%)
- ❑ **General Fund Expenses:**
\$19,898,693 or less than budget by \$2,529,910 (-11.3%)

FISCAL YEAR 2013 STATUS

- 9 month Period Ending May 31, 2013 con't -

❑ **Division Revenues:** \$10,209,104 or more than budget
by \$107,721 (1.1%)

Division Expenses: \$9,958,441 or less than budget
by \$1,436,574 (-12.6%)

❑ **Roundtable Revenues:** \$242,691 or less than budget
by \$56,724 (-19.0%)

Roundtable Expenses: \$108,273 or less than budget
by \$109,377 (-50.3%)

FISCAL YEAR 2013 STATUS

- 9 month Period Ending May 30, 2013 con't -

- ❑ **Grants and Awards:** \$5,184,927 or more than budget by \$667,346 (14.8%)
- ❑ **Investment Int/Div:** \$456,264 or less than budget by \$173,026 (-27.5%)
- ❑ **Long-Term Investment:** \$34,944,471 (\$32.6 million in Aug/2012)

Implementation of Expense Reductions

General Fund

Projected Deficit --\$1.9 million

Senior management and staff reviewed all aspects of the ALA operation. Upon doing so revenues were projected through the end of the fiscal year and a number of areas where it is believed that cost savings can be realized were identified. BARC, F&A and the Executive Board reviewed, discussed and supported management's recommendations.

FISCAL YEAR 2013 BUDGET UPDATE

9 month Period Ending May 31, 2013 – General Fund Revenues: Projections

	Annual <u>Budget</u>	Year-End <u>Projections</u>	<u>Variance</u>	<u>% Change</u>
Publishing Services	\$ 15,650,815	\$ 13,241,921	\$ (2,408,894)	-15.4%
Member Progs/Ser	\$ 9,280,971	\$ 9,166,499	\$ (114,472)	-1.2%
Communications	\$ 5,792,538	\$ 5,617,285	\$ (175,253)	-3.0%
Interest Income	\$ 734,940	\$ 848,398	\$ 113,458	15.4%
Mail List Sales	\$ 180,912	\$ 180,912	\$ -	0.0%
Executive Office	\$ -	\$ -	\$ -	0.0%
Total	<u>\$ 31,640,176</u>	<u>\$ 29,055,015</u>	<u>\$ (2,585,161)</u>	<u>-8.2%</u>

FISCAL YEAR 2013 BUDGET UPDATE

9 month Period Ending May 31, 2013 – Publishing Revenues: Projections

	Annual	Year-End		%
	<u>Budget</u>	<u>Projections</u>	<u>Variance</u>	<u>Change</u>
ALA Editions/Techsrce	\$ 7,270,187	\$ 5,659,225	\$ (1,610,962)	-22.2%
Booklist	\$ 5,045,042	\$ 5,090,415	\$ 45,373	0.9%
American Libraries	\$ 781,800	\$ 772,420	\$ (9,380)	-1.2%
ALA Digital Reference	\$ 1,253,202	\$ 701,977	\$ (551,225)	-44.0%
ALA Graphics	<u>\$ 1,300,584</u>	<u>\$ 1,017,884</u>	<u>\$ (282,700)</u>	<u>-21.7%</u>
Total	<u>\$ 15,650,815</u>	<u>\$ 13,241,921</u>	<u>\$ (2,408,894)</u>	<u>-15.4%</u>

FISCAL YEAR 2013 BUDGET UPDATE

9 month Period Ending May 31, 2013 – General Fund Expenses: Projections

	<u>Annual Budget</u>	<u>Year-End Projections</u>	<u>Variance*</u>	<u>% Change</u>
Publishing Services	\$ 14,236,996	\$ 12,658,618	\$ 1,578,378	11.1%
Member Progs/Ser	\$ 12,201,303	\$ 11,899,071	\$ 302,232	2.5%
Communications	\$ 3,132,722	\$ 2,952,235	\$ 180,487	5.8%
Executive Office	\$ 4,776,143	\$ 4,529,739	\$ 246,404	5.2%
Fin/Acct & Staff Supp	\$ 1,974,582	\$ 1,889,086	\$ 85,496	4.3%
Overhead Recovery	\$ (6,689,851)	\$ (6,114,291)	\$ (575,560)	-8.6%
General Admin.	<u>\$ 1,716,510</u>	<u>\$ 1,240,557</u>	<u>\$ 475,953</u>	<u>27.7%</u>
Total	<u>\$ 31,348,405</u>	<u>\$ 29,055,015</u>	<u>\$ 2,293,390</u>	<u>7.3%</u>

*ALA accounting convention for expenses i.e. less than budget is positive.

FY13 Budget Adjustments

- Reported at Midwinter 2013

- Eliminated the budgeted \$291,771 to replenish net asset balance.
- Management successfully negotiated favorable rates with healthcare providers, which will result in expense savings on the medical benefits provided to staff.
- \$400,000 expense savings across General Fund units was implemented.
- Management is delaying (currently eliminated) the **budgeted** 1% adjustment to base salary for staff and 1% year-end compensation adjustment saving \$295,000 .
- Vacant positions remain unfilled (since 2008—33 in the General Fund)

Identified Expense Reductions

- Projected Deficit (\$952,896) Before Expense Reductions -

Staff Development	\$	99,983
Open Positions (Publishing)	\$	108,814
Subscription Equivalent	\$	53,754
Bad Debt	\$	27,595
ED Contingency Fund	\$	100,000
Committee Expenses	\$	66,316
Subscription Income	\$	122,918
Maintenance Reduction	\$	70,000
Executive Board Expense Savings	\$	30,000
AED 10% Salary Cut	\$	46,610
Lease Expense Reduction	\$	20,887
Growth Fund	\$	25,000
Vendor Settlement	\$	120,000
Other	\$	<u>61,019</u>
Total	\$	952,896

Implementation of Expense Reductions

General Fund

- BARC, F&A and the Executive Board each took action to firmly support that staff compensation receive the highest priority if the year-end results are more positive than is projected.
- Lack of revenue growth in the FY 13 budget requires that the FY14 budget be conservative

General Fund Revenues/Expenses 2012 - 2014

	2012	2013	2013	2014
	<u>Actual</u>	<u>Budget</u>	<u>Projections*</u>	<u>Proposed</u>
Revenues	\$ 27,245,834	\$ 31,640,176	\$ 29,055,015	\$ 28,763,689
Expenses	<u>\$ 28,618,064</u>	<u>\$ 31,348,405</u>	<u>\$ 29,055,015</u>	<u>\$ 28,763,689</u>
Net Revenues	<u>\$ (1,372,230)</u>	<u>\$ 291,771</u>	<u>\$ -</u>	<u>\$ -</u>

*Year end projection based on February results and implementation of expense reductions