

2012-13 CD #33.0

2012-13 Midwinter Meeting

BUDGET ANALYSIS AND REVIEW COMMITTEE



BARC Report to Council

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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

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

*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

	<u>Approved in Anaheim</u>	<u>Approved in Chicago</u>	<u>Variance</u>
General Fund	\$31,440,176	\$31,348,405	\$ (91,771)
Divisions	15,165,377	15,214,826	49,449
Round Tables	316,125	321,073	4,948
Grants & Awards	4,711,672	6,285,991	1,574,319
Long Term Investments	<u>779,193</u>	<u>779,193</u>	<u>0</u>
Total ALA Budgeted Expenses	\$52,412,543	\$53,949,488	\$1,536,945

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 -

	<u>Nov-11</u>	<u>Nov-12</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Total Revenues	\$ 8,758,244	\$ 10,498,333	\$ (1,740,089)	-16.6%	
Total Expenses	<u>\$ 10,374,344</u>	<u>\$ 10,381,623</u>	<u>\$ 12,285,276</u>	<u>\$ 1,903,653</u>	<u>15.5%</u>
Net Revenue	\$ (729,349)	\$ (1,623,379)	\$ (1,786,943)	\$ 163,564	10.1%

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 -

	<u>Nov-11</u>	<u>Nov-12</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Total Revenues	\$ 4,417,720	\$ 4,854,435	\$ 5,877,022	\$ (1,022,587)	-17.4%
Total Expenses	<u>\$ 5,576,172</u>	<u>\$ 6,209,875</u>	<u>\$ 7,068,292</u>	<u>\$ 858,417</u>	<u>12.1%</u>
Net Revenue	\$ (1,158,452)	\$ (1,355,440)	\$ (1,191,270)	\$ (164,170)	13.8%

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 -

	<u>Nov-11</u>	<u>Nov-12</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Total Revenues	\$ 3,746,348	\$ 2,571,984	\$ 2,793,576	\$ (221,592)	-7.9%
Total Expenses	<u>\$ 3,477,665</u>	<u>\$ 2,987,924</u>	<u>\$ 3,378,304</u>	<u>\$ 390,380</u>	<u>11.6%</u>
Net Revenue	\$ 268,683	\$ (415,940)	\$ (584,728)	\$ 168,788	28.9%

ALA Membership Committee Personal Dues Adjustment Proposal

- **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

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>
2. <http://ala.org/aboutala/governance/financialdata/treasurerspage/learnoa>
3. <http://ala.org/aboutala/governance/financialdata/treasurerspage/learnbudgetcycle>
4. <http://ala.org/aboutala/governance/financialdata/treasurerspage/learnfund>
5. <http://www.ala.org/aboutala/governance/financialdata/treasurerspage/learnroundtables>

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)

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Thank You for Your Attention