TO: ALA Executive Board
Budget Analysis and Review Committee (BARC)

ACTION REQUESTED:

Approval of the Preliminary FY 2014 ALA Budget

ACTION REQUESTED BY:

Keith Michael Fiels, Executive Director
Gregory L. Calloway, AED, Finance
Sandra Lee, Director, Planning & Budgeting

DATE: April 12, 2013

DRAFT MOTION:

F&A recommends to the Executive Board that the Preliminary FY 2014 Budget proposal (EBD #14.6) be forwarded to the Budget Analysis and Review Committee (BARC) for further analysis and review. The Board affirms the strategic directions of this budget and requests that BARC report back on its analysis at the 2013 Annual Conference in Chicago.

Budget Alignment with ALA Programmatic Priorities

The Executive Board recommended and Council has approved the ALA programmatic priorities that constitute the framework for the 2015 Strategic Plan and the operating priorities carried out by the Departments, Units and Divisions of the Association. The ALA Programmatic Priorities were approved by Council at the Seattle, WA Midwinter Meeting, January 2013, and are as follows:

- Advocacy for Libraries and the Profession
- Diversity
- Equitable Access to Information and Library Services
- Education and Lifelong Learning
- Intellectual Freedom
- Literacy
- Organizational Excellence
- Transforming Libraries
Broad Institutional Strategies

ALA’s financial value proposition is “To develop and deploy the financial resources that support the strategic plan and deliver programs responsive to member needs and the improvement of library service.”

Broad institutional strategies guide the allocation of ALA staff, financial, technological and member resources and are as follows:

- Promote ALA’s mission and support its strategic goals and objectives
- Anticipate and respond to environmental factors which present opportunities or threats to the organization and the profession
- Focus on member value, needs, satisfaction, retention and recruitment
- Enhance member engagement both virtually and face-to-face
- Maintain member services at the highest possible level, in recognition of the increased stress on libraries due to the economy and to disruptive changes in publishing, communications and public life
- Move forward on strategic initiatives and the deployment of services that meet the needs of members and libraries
- Establish and support a network of internal and external relationships that promote ALA’s mission and priorities
- Develop and promote technical standards and guidelines which strengthen library services and the profession
- Influence legislation and advocate the crucial value of libraries and librarians
- Build on the Association’s membership strength and financial health
- Manage the Association’s resources efficiently and effectively
- Continue to expand international product and service offerings

Key Assumptions included in the FY 2014 Budget:

1. Adjusting health care benefit rate to 33%
2. Overhead from Divisions is budgeted to be greater than 2013 budget due to two conferences in FY 2014
3. Lower revenue is projected in publishing ($1.8 million) and conferences ($1 million). These figures are based on the FY 2013 original budget in relation to the proposed FY 2014 budget.
4. The Association continues to actively pursue additional revenue from continuing education and international sales
5. Concentrating on maintaining member services while streamlining existing operations that do not directly support the Association’s strategic goals and objectives
6. $2,084,354 is included in the FY 2014 capital expenditures for the implementation of new technology and building improvements
7. $50,000 has been included in the budget for new business development
8. $2.8 million in General Fund expense reductions, including 15 unfunded positions (FY 2013 to FY 2014 budgets). This brings the total General Fund funded FTEs from 185 to 170. Total ALA including General Fund, divisions and APA funded FTEs from 268 to 251 (again, from FY 2013 to FY 2014 budgets). (See table on page 7.)

9. Additional department-level expense reductions of 3.9% (again, FY 2013 to FY 2014), to be allocated among specific units based on a review of programmatic goals and priorities.

**Key Programmatic initiatives and highlights in the FY 2014 Budget:**

1. Annual Conference in Las Vegas, Midwinter Meeting in Philadelphia, AASL National Conference in Hartford (November), and PLA in Indianapolis (March)
2. Support advocacy initiatives at the national, state and local levels. Continuation of the national school library advocacy campaign and the Citizens for Libraries/Office for Library Advocacy “Citizens Save Libraries” project, both launched in 2013.
3. A national Community Engagement project for libraries in partnership with the Harwood Institute for Public Innovation, which will provide community engagement training to hundreds of libraries and library staff members.
4. Continuation of the work of the Digital Content Working Group to address issues related to the impact of ebooks and other forms of digital content on libraries of all types, with a FY 2014 focus on digital preservation and accessibility.
5. Continuation of the ALA Leadership Institute initiated in 2013.
6. Following delayed approval of RDA by the Library of Congress, the product will be fully exploited for US and international marketing and sales. The end of March saw implementation of RDA by:
   - Library of Congress
   - National Library of Medicine (US)
   - British Library

The following libraries are expected to implement before the end of the year:
   - National Library of Australia (April)
   - National Library of New Zealand (soon after NAL)
   - National Library of the Philippines (Fall 2013)
   - Library and Archives Canada (no firm date)
   - German National Library (October 2013)
   - National Library of the Netherlands (no firm date)
   - National Library of Sweden (no firm date)
   - National Library of Finland (no firm date)

Several European institutions have formed the European RDA Interest Group (EURIG) [http://www.slainte.org.uk/eurig/index.htm](http://www.slainte.org.uk/eurig/index.htm) and it is expected that many if not all of their members will implement RDA at some point.

7. A virtual library conference and the digital capture of Annual Conference content
8. “Repositioning” of Midwinter Meeting and reduction in number of face-to-face business meetings
9. Continued growth in online CE provided by publishing, divisions and offices, with some increased emphasis on international markets
10. Year 5 of APA Support Staff and Public Library Administrator Certification Programs
11. Availability for nationally-recognized Continuing Education Units (CEUs) for ALA continuing education activates
12. Digital archiving in conjunction with the University of Illinois
13. Implementation of the new ALA e-commerce site (dues, events, fundraising)
The proposed total ALA budget submitted for your review includes the General Fund, Divisions, Round Tables, Plant Fund, Grants and Awards, Long Term investment Fund, Capital budget and Technology Reserve Fund budget. The preliminary budgets presented will be forwarded to BARC subject to recommendations discussed at the spring Executive Board meetings.

**Macro Economic Environmental Assessment**

“A deeper, longer economic slump for Europe doesn’t bode well for the U.S. Hoped for help in the form of much improved export demand isn’t likely to be forthcoming till 2014. Look for GDP for the euro zone to lose 0.2% this year, dragged down by growing woes in Italy . . . the regions’ third-largest economy. By year-end, however, the euro zone as a whole will be growing again. The powerhouse, Germany, will return to growth sooner, maybe even this quarter.

Another tough year ahead for nonprofits. Just as private philanthropy is starting to pick up following the recession, government funding will drop off because of the federal budget sequester and continued tight state and local funding. Private donations in 2013 still won’t hit the $311-billion peak of 2007, though in 2012 they were up about 10% from the recession low of $274 billion.

*Excerpt from The Kiplinger Letter, March 15, 2013.*

Though some mild softening is possible . . . the sequester will last through at least September, the end of this fiscal year, and maybe into 2014. Look for GDP growth to slip below 2% for the year. Our best judgment: 1.75%, maybe a tad less. Slow growth, little more than 2% at best, had already been on the menu.

Growth will be 0.6 percentage point less than it would have been, $85 billion cut directly from federal spending, plus billions more trimmed as furloughed federal workers as well as companies that supply the U.S. earn less and spend less.

Washington will, in fact, subtract from GDP again this year, the third year in a row that Uncle Sam was a negative. Ditto, state and local governments.”

*Excerpt from The Kiplinger Letter, March 8, 2013.*
**Micro-Library Economic Assessment**

Now, with revenue rebounding along with housing values and employment, most states are breaking even or running small surpluses. Several state governors are moving to replenish or even boost their cash reserves, stirring debate about whether the money should be used instead to cut taxes or spent to save jobs and spur the economy.

States are projected to increase cash reserves collectively by $3.4 billion to $41.4 billion in the fiscal year that for most states ends June 30, according to the National Conference of State Legislatures. At that point, the accounts would be equivalent to roughly 9% of state revenue, the highest level since 2008, and near a level economists consider healthy, according to the National Association of State Budget Officers. At their lowest point, in 2010, the funds were 5.2% of revenue.


**Public Libraries** - There is cautious optimism about the funding for public libraries due to fewer cuts and some increases. Cuts in state funding for public libraries decreased for the first time in three years. Public libraries per capita expenditures were slightly less in 2010 ($36.18) than in 2009 ($36.84). During the recession, the biggest staff losses were in support staff; however, the after-effects of the recession resulted in a 2.5 percent loss of librarian positions from 2009 to 2010.

**Academic Libraries** – Funding for academic libraries remains flat. Serials continue to dominate the materials budget; however, spending for e-books continues to grow in all types of degree granting institutions. Doctoral degree granting institutions spend the least on e-books. The number of librarians has increased while the number of other staff has decreased.

**School Libraries** – States continue to struggle to fund school libraries. Federal emergency funds used to bolster state funding in FY 2011 expired at the end of that year, causing school budgets to drop. The number of school librarians has been cut more than other instructional professionals and funding for schools continues to suffer from federal cuts.

*Excerpt from the ALA Office for Research and Statistics: ALA and the Economy – Library Funding and Related Factors.*

**Rightsizing Operations**

Key area of focus regarding organization alignment relate to strategic tasks in the areas of headcount and operating expense reductions.

**Reducing Headcount**

During the spring budget meetings, all open and unfilled positions were reviewed for possible defunding for the remainder of FY 2013. Based on FY 2013 projections, additional unfunded
FTEs are in Publishing (5), Member Programs and Services (2), Washington Office (1), Accounting (1) and Development Office (1). In the FY 2013 projections, a total of 32.542 unfunded FTEs in the General Fund, Communications (4.5), Executive Office units (2), Washington Office (3), MPS (11.1), Support Services and Accounting (4.142) and Publishing (7.8).

For FY 2014, General Fund unit staffing will need to be reduced by an additional 15 positions from the FY 2013 budget. Division unfunded is an additional 2.5 FTE from the FY 2013 budget to the FY 2014 budget.

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Additional unfunded FTEs

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<th>General Fund</th>
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<td>FY 2013 to FY 2014</td>
<td>2.430</td>
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**3.9% Expense Reductions**

In order to balance the General Fund expenses to the preliminary revenue budget of $28,763,689, which is $291,326 less than projections each department will reduce expenses by 3.9% for a total reduction of $530,326.

Again, division funding will not be affected.

**Impact of reductions on programs and services**

The reduction in staffing levels and other non-salary budgets is expected to have a significant impact on the Association’s programs and services. The budget as presented outlines the impact of these reductions on a departmental basis, providing department heads and unit managers’ maximum flexibility in implementation. Between now and September 1, 2013, each department will be reviewing its programs and services and various options so as to craft a situation specific solution that focuses on:

- Maintaining and continuing to strengthen services to members, libraries and the public
- Continuing to move ahead on key strategic priorities and key strategic initiatives
• Identifies less important programs that can be de-emphasized so that efforts can be focused on most important priorities and most urgent needs
• Emphasizes innovative and creative approaches
• Maintains the highest possible level of staff morale
• Involves key stakeholder groups in decision making about programmatic priorities with departments and within units
• Provides for transparent communication with and responsiveness to members

Overall, the Association will be taking a comprehensive look at all aspects of our work, so as to reduce any redundancies and streamline any operations which do not contribute directly to the quality of member services and our focus on strategic priorities.

Business Development

Key area of focus regarding business development is the continued emphasis on 1) growing international revenues and 2) expanding online continuing education.

International

A staff working group has been developing a strategy for ALA’s international presence. The plan consists of making ALA’s print, digital, and face-to-face products and services available in locally/culturally appropriate formats (where determined necessary) and through accessible channels. The staff working group has communicated its plans to the business development group.

Focus areas are:

• Pilot program in China and report from Library Society of China Conference in Dongguan
• Sharjah Book Fair Library Conference, possibly November 2014
• Implement RDA product and RDA training
• Present (materials) at book fairs and other events we’re not attending through Combined Book Exhibit, e.g., Taiwan, or individual agreements, e.g. Japan Library Fair
• Japan – report on ALA booth (no staff) at November’s Annual Library Fair
• International literacy opportunity with Rotary – IRO/Development Office
• Other ongoing outreach

Continuing Education

Continuing Education - excluding conference registration, represents more than $1M in gross revenue. Most CE – and almost all CE generating any net revenue – is offered by ALA Divisions, with the General Fund recovering some overhead, based on gross revenues. Historically, CE offered by General Fund units has been (a) grant-funded and/or (b) offered on a
no-charge or basic cost recovery basis because it was seen as integral to a core mission of the Association (e.g. intellectual freedom, advocacy).

• Diversify continuing education opportunities by exploring new topics and programs as well as new methods and packages for instruction. New methods might include asynchronous learning opportunities, such as streaming video tutorials, virtual symposiums, and pre-conferences. Other changes could include adjusting for different time zones, supporting other languages, and partnering with ALA’s International Relations Office.

Given the current environment facing libraries and the library profession and the concerns of the Association to provide member value and sustain and grow membership, a number of important advocacy and member engagement projects are planned for 2014. Some selected examples:

Advocacy
Goal Statement: ALA equips and leads advocates for libraries, library issues and the library profession, and plays a key role in formulating legislation, policies and standards that affect library and information services.

• Launch an association-wide School Library Campaign designed to increase awareness of the part of Parents, Educators and National Decision Makers of the value of school libraries and the need for trained school librarians (OLA, WO, PIO, CRO)
• Increase public awareness of issues related to digital content and libraries. Produce reports related to digital content and libraries. Expected to include one or two digital supplements to American Libraries, as well as, other reports and articles. Provide dissemination of these products. (OITP, PIO)
• Implement IMLS National Leadership Grant: Public Libraries as Providers of Digitally Inclusive Services and Resources: Transforming Communities. (ORS)
• Begin pilot training program with libraries in China in collaboration with CALA and the Library Society of China. (International Relations Office)
• Increase ALA message visibility with multicultural audiences through media partnerships, media relations activity and social networking channels. (PIO)
• OLOS and OFD stand poised to help ALA take a national leadership role in key areas. The research and publishing coming out of LIS as it pertains to the role of diversity in literature positions ALA to be a thought leader. Additional areas where OLOS/OFD can inform and support emerging visibility for ALA: digital inclusion, services to the incarcerated, people with disabilities, GLBTQ populations, and veterans, diversity in higher education, the role of libraries in the wake of disaster, and the role of libraries in social movements. (OFD)
• Continue work on a major initiative on digital literacy, working in coordination with other pertinent ALA entities. Work to obtain external funding for activities. (OITP)
• Initiate new activities on advocating for improved information access – for readers in the digital age and those with visual impairments. Separately, initiate a new area of inquiry in the Program on America’s Libraries in the 21st Century. (OITP)
**Building the Profession**

Goal Statement: ALA promotes excellence and diversity in the library field.

• Ensure that library education and training reflect the core values of the profession and the needs of the communities served by libraries of all types. (Office for Accreditation)
• Student website portal to create a “student home” that can take them to all student-related ALA information and resources. Expand joint ALA-chapter memberships. Pilot a Facebook student recruitment test. (Membership Development)
• The Office for Diversity will be administering an IMLS funded doctoral level scholarship program, and is also seeking to receive a one-year no cost extension on the pre-professional recruitment initiative funded by the IMLS. The OFD will also continue partnering on A National Forum for Diversity; and effort which brings together stakeholders from various diversity recruitment initiatives to measure and define success. The office is currently facilitating this collaboration, and may result in an additional proposal to IMLS for funding. (OFD)
• Begin pilot training program with libraries in China in collaboration with CALA and the Library Society of China. (IRO)
• Rebuild online CE opportunities, including creating the Accessibility Academy offerings. (ASCLA)

**Transforming Libraries**

Goal Statement: ALA provides leadership in the transformation of libraries and library services in a dynamic and increasingly global digital information environment.

• Working with the Gates Foundation, submit a proposal for a two-year, $1.5 million Library Community Engagement initiative. The project builds on an IMLS project funded in 2013, and would be implemented through a partnership with the Harwood Institute for Public Innovation. (PPO, MPS)
• Support continued implementation of the ALA Center of Civic Life (Kettering research project); build an accessible body of resources for the public and for library staff on transformative engagement of libraries in civic life. Develop internal partnerships and support structure. Continue Midwinter Conversation on library in the community, building on successful MW 2012 implementation. (MPS)
• Implement IMLS grant to train librarians in competencies needed to do data collection on use of library related to student engagement measurers. (ACRL)
• Continue ACRL/Harvard leadership institute and offer advanced seminars for institute graduates in non-National Conference years, if economy permits. (ACRL)
• Provide support for the Digital Content and Libraries initiative and Working Group. Organize and lead working group and subgroup activities; develop documents on policies and practices for the major policy areas addressed. (OITP)
• Implement year 6 of Learning4Life, a comprehensive multiyear plan to ensure widespread adoption of its learning standards and its vision for school library programs, with a focus on summative evaluation of the plan. (AASL)
• The Leading to the Future ALA leadership institute will be offered. A sponsor will be sought for the institute so as to reduce costs to the 35 participants. (EO)
**Member Engagement**

**Goal Statement:** ALA provides an environment in which all members, regardless of location or position, have the opportunity to participate in, contribute to, and benefit from engagement in their association.

- Continue to develop an interactive and integrated website supporting the member activities supporting this new goal – the recognition for transformative activities in libraries, the sources for developing specific skills, the dialogue on what aspects of librarianship will help to transform libraries into sought-after resources in the community, whether public, school or academic. (ITTS, ALA Library)
- Support virtual engagement through a virtual conference, virtual membership meeting, emerging leaders webinars, and BARC webinars. (MPS, EO, HRDR, Finance and Accounting)
- Integrate PPO brands and sites with ALA web presence; increase visual, interactive, and social media elements. Collaborate with PCPAC on recognition and member engagement initiatives. Serve as liaison and coordinate work plan with PCPAC. (PPO)
- Continue expanding participation by Chapters, State Libraries, other ALA units, in Money Smart Week @ your library. (CRO)
- Enhance the value of membership for a diverse population of members by offering new formats for idea creation and project collaboration via online social platforms such as ALA Connect, the ALSC Blog, #alscchat Twitter discussions, ALSC Facebook Forums, quarterly Community Forums, and an ALSC Mentoring Program. (ITTS, ALSC)
- Working with the ALA Training, Orientation, and Leadership Development Committee (TOLD), enhance orientation programs for ALA/Council committee interns and facilitate the “Strategic Leadership Meeting” between ALA/Council committee chairs and the ALA president-elect. (HRDR)

**Organizational Excellence**

**Goal Statement:** ALA operates effectively, efficiently, creatively and in a socially responsible fashion to accomplish its mission.

- Drive organizational membership recruitment and retention through enhanced value propositions, identification of new and improved services, and enhancing their understanding of ALA advocacy and support efforts. (Membership Development)
- Assuming passage of the dues adjustment resolution by the membership, communicate and properly implement, working with ITTS and MACS, the FY 2014 dues adjustment based on the CPA. Update all FY 2014 print and electronic information. (Membership Development)
- Lay foundation for effective electronic archiving process. (ALA Library and ALA Divisions)
- Leverage existing staff and outside consultants to maximize research activities of ALA ORS, including collaboration with: Units and Division of ALA, the ALA-APA regarding the annual salary research and related publications; external educational institutions in national research initiatives, secure research funding for national-level research. (ORS)
- Conference Redesign: Complete internal restructuring, move forward with “redefinition” of Midwinter, expand virtual Conference, revise Conference Business Plan. (MPS)
• Implement a new E-commerce site for Dues, Events/CE, Subscriptions and Fundraising. (ITTS)

• Plan and complete development of a mobile version of CRO3 along with one or more of the following special editions, a personal edition (for individuals) and CRO3 Plus, an edition with third party content. (CHOICE)

• Plan and conduct a Strategic Planning Retreat in September 2014 with ALA management and member leaders to develop the next 5-year strategic plan. This will likely be a 2-day retreat involving at least 40 individuals at an off-site location. (Governance Office)

• Increase the number of gifts for planned giving, annual fund, general operating fund, scholarships/travel grants, sponsorships, programmatic grants and federal and state campaigns by working with ALA units and ALA leadership on strategies to cultivate and solicit prospects by leveraging ALA’s organizational assets. (Development Office)

• Refine and expand two recognition/stewardship programs. Legacy Society and Library Champions. (Development Office)

**Financial Stability = Balance Revenues and Expenses**

*Financially, the FY 2014 budget shows a decrease compared to the 2013 budget due mainly to Publishing and conference. Programmatically, as has been the case on an ongoing basis, units are continuously reallocating resources from less strategic activities and programs to those reflecting the Association’s strategic priorities and current and emerging member needs.*

**Membership**

Projections for personal membership dues, based upon the membership statistics and trends, reflect an expected reduction of 1 – 3% across most personal membership types. Retired members and members receiving free continuous membership are projected to grow from 2 – 3%. Organizational member dues, based on FY 2012 results and FY 2013 trends are expected to reach or slightly exceed dues revenue projections, supported by a campaign to have lapsed organizational members rejoin. The uncertainty of the federal budget sequestration may impact dues projection. Membership development expenses have been held at FY 2013 levels.

The number of LIS and MLIS degree holders has been declining since 2010. Although ALA’s market share has also declined, there was a slight improvement in 2012. The fairly consistent rate of market share over the years can be viewed both positively and negatively. On the positive front, this analysis shows that the potential for membership recruitment is considerable. On the negative side, this may indicate that approximately 50% of our potential market has no interest in joining or has experienced barriers to membership.

The focus in FY 2014 is on retention, including but not limited to: division member renewals, former division member rejoins, ALA members joining a division, and first-year renewal improvements, including conference “join & save” registrants (i.e., this is not a recruitment pilot program). Responsibilities:
• Divisions define, develop, and deploy their own marketing/communications/outreach programs.
• ALA Membership Development provides the agreed-upon pilot program funds based on program framework created in FY 2013.

ALA Membership Development and ALA Marketing are developing uniform ALA marketing/value messages, which will be incorporated into the selected division retention programs.

The FY 2014 budget includes the proposed dues adjustment based on 2.1% increase of the current rate for each personal member category.

**Publishing**

Total revenues for the Publishing department are budgeted at $13.732 million, an increase of $490,172 over the FY 2013 projection, but less than the FY 2013 budget of $15.651 million.

The publishing industry and ALA’s Publishing Department have gone through dramatic changes. Between FY03 and FY08, Publishing Department Net Revenues averaged $1,800,000. Between FY09 and FY11 (i.e., before the Neal-Schuman acquisition) Net Revenues averaged $910,000 – a drop of 50%. FY12 and FY13 were further impacted by start up costs related to new ventures – namely, the acquisition of Neal-Schuman and the creation of the Huron Street Press – and the unexpected delay in implementation of RDA imposed by the Library of Congress.

Despite the impressions created by the quantitative consequences of these external and internal factors, ALA Publishing is gaining traction in what we have clearly recognized as a different but also eminently viable publishing landscape.

While digital advertizing has grown hand over fist, print it still strong in our magazines and will remain a staple for the near future. Between FY08 and the FY14 budget, digital ad revenue will have grown 1,135% in Booklist. Digital ads are also strong in American Libraries, but, in addition, print ad revenue is actually more than budget year-to-date. Webinars, online workshops and online courses are generating double-digit growth in ALA TechSource. And now that the Library of Congress has approved RDA and has started cataloging records with the new standard, the other national libraries and systems vendors are adopting as well. In addition, the always-positive international market is gaining greater momentum.

The place of product sales in the form of books and promotional products is still not clear, but here too, staff is prepared to adjust to changing dynamics in a still viable market. The Contribution Margins in both ALA Editions and ALA Graphics are still at the 30% level. And while the impact of the Neal-Schuman and the Huron Street Press ventures is dramatic, it is typically unique or confined to the period of initiation.
All that being said, Publishing Department management and staff recognize the need to consider how best to make the most of an ever-changing environment in both the publishing business and the library profession.

Multi-year goals for the Department are as follows:

1. Re-evaluate and re-tool resources and systems for their alignment with new market dynamics.
2. Re-configure the organizational structure to maximize flexibility, agility, and innovation.
3. Leverage the potential for RDA to transform resource description and access and open up new online learning opportunities worldwide.
4. Transform the functions of collection development and readers advisory by leveraging the integration of Booklist and Booklist Online.
5. Reposition the American Libraries imprint under new leadership to stand as the Flagship of ALA and the Voice of the Profession.
6. Continue to develop new revenue opportunities.

FY14 Goals are as follows:

1. Right-size products and operations.
2. Incorporate relevant social marketing and content development skill sets.
3. Maximize the integration of the Neal-Schuman imprint.
4. Begin cultivating online learning in resource description and access worldwide.
5. Maximize the integration of Booklist/Booklist Online subscriptions.

The FY 2014 goals for the five ALA Publishing imprints or units comprising the department are as follows:

**ALA Editions (ALA Editions, ALA Neal-Schuman, ALA TechSource, Huron Street Press)**

This budget reflects concern about the traditional book market and growth in non-book media, including the need to understand how much money is really available for professional development. There will be a larger front list and many recent backlist titles, which will go to the market place earlier than past years. Webinars and workshops accelerate to six or seven a month.

The department will publish more titles, but does not have the one or two big books (AACRs) which have made Editions very profitable in the past. Further, there are serious concerns about budgets. Will libraries continue to buy books and courses?

Overall goal is to revamp the product line and expand our marketing reach.
1. Continue to explore international markets, for both distribution and rights income.
2. More direct customer contact through focus groups and surveys.
3. Continue to experiment with a variety of new e-courses, all instructor-led.

**Booklist**

Print advertising market has contracted dramatically (25% down from FY 2008), a result of both consolidation and recession, but Booklist print remains in prominent position in eyes of both subscribers and advertisers, and print advertising still accounts for 72% of total ad revenue and 40% of all Booklist revenue.

Addition of multiple online sales opportunities-impression-based ads on BOL; e-newsletters; webinars; and e-blasts – makes it possible to grow total ad revenue even in the face of reduced print. Growth will not continue at the remarkable rates achieved up to now (1,135% from FY 2008 to FY 2014), but the market remains open to new electronic opportunities for the company willing to innovate and try new combinations of products and services.

Booklist’s key competitors – Kirkus, Horn Book, LJ, SLJ and PW – are all facing the same challenges in managing the transition from print to online as we are. Booklist webinars are widely regarded by advertisers as the most successful in the sponsor-driven side of the industry – most registrants, most efficiently produced, least technical issues, etc. Booklist newsletters and e-blasts have the highest click-through rates, and Booklist Online consistently serves more ads than the competition.

The online environment, however, is constantly shifting. To stay ahead, Booklist needs to be ready to add to and enhance our products and to devise new was for combining products and services (not only running a banner ad promoting a publisher’s e-galley giveaway, but managing that giveaway for them – at an additional cost).

The most difficult challenge in managing the print-electronic transition is trying to ensure that advertisers who are moving away from print to online continue to spend at the same level, given the wide variety of pricing alternatives in the online marketplace.

**American Libraries**

Manage the balance between print and online publishing in such a way as to support the core mission – to be the voice of the profession and flagship of ALA – while continuing to develop new vehicles for revenue. The print and website AL both need design updates, to help attract readers and advertisers. That means reallocating some resources to design, photos, and freelance as well as offering multiple ad bundling opportunities. It also requires helping staff realign to the new focus and priorities.

Invest more effort and budget in digital versions of media, especially mobile technology to better reach our target audience. Move to mobile versions planned in FY 2013 has been delayed to FY 2014. These include a mobile version of AmericanLibrariesMagazineOnline.org, to coordinate with the move to Drupal 7 content management system, and a mobile version of AL Direct in early FY 2014.
Encourage synergies with other ALA departments and Publishing units for cross-promotion, highlighting new products, raising brand awareness and reinforcing messages, and reducing costs.

**ALA Digital Reference**
Support and encourage the adoption and implementation of RDA as a replacement for AACR2. Develop a robust and active user community for the RDA Toolkit and enhance the user experience by adding relevant new content, and creating linking and other collaborations with other electronic products to ensure that the RDA Toolkit becomes an integral and appreciated part of the cataloging workflow both domestically and international.

FY 2014 is the third year for the RDA Toolkit and the fifth year for Guide to Reference. The challenge is to predict how many will implement RDA in at the same time (FY 2013 – FY 2014) as the national libraries (Library of Congress, British Library, Library Archives Canada, National Library of Australia, etc.) and how many will wait several years before implementing RDA.

RDA will be used more internationally than AACR2 and it is not meeting as much resistance outside the traditional AACR2 markets in replacing other cataloging standards that are not as connected to MARC.

Expand the user base for Guide to Reference both domestically and internationally using electronic promotions and international partnerships. Develop a robust and active user community for the Guide to Reference and enhance the user experience by adding relevant new content, and functionality to ensure that Guide to Reference becomes an integral and appreciated part of the reference collection development and reference desk workflows both domestically and internationally.

**ALA Graphics**
Expand customer base through targeted list rental (key segments: public libraries, school districts, and school libraries in affluent markets). Optimize email marketing for maximum efficiency and response. Develop new source of revenue through launch of READ Design Studio subscription service. Promote online user-generated bundling option and increase marketing of bulk purchases to state library cooperatives and school districts. Increase contact with customers from our top segments through informal focus groups, surveys, social media engagement, and one-on-one contact at conferences.

**Conferences**
Across a broad range of associations, conference attendance has been negatively impacted, for some associations as much as 50% at the peak of the recession. Within the library community, recessionary pressures are significantly exacerbated by the effects of fundamental and disruptive change in the way in which information is generated, stored, managed and distributed. While
ALA’s strong “community” culture – visible in arenas ranging from the exhibit floor (with decades-long corporate relationships) to key events like ALSC’s Newbery-Caldecott banquet and YALSA’s Printz reception – has served to mitigate negative economic pressures to some extent, it is nevertheless the case that conference “performance” has been negatively affected as the effects of recession and industry restructuring on libraries, and the vendors that serve them, has continued. This negative impact is not limited to member attendance; mergers, acquisitions and generational change in the corporate sector are altering the exhibit floor “community” as well.

Faced with significant, disruptive change in the economic environment – both conference economics and library economics, with ongoing technological change and the continually changing member/attendee/exhibitor expectations, Conference Services has mapped out a series of broad strategic directions. (See MPS Overview.) These strategies focus on enhancing the user experience to compete effectively, continuing to restructure to gain flexibility and control costs, continuing to innovate on the exhibit floor and in conference processes, and expanding the collaborative “ecosystem” of both staff and members.

**Fundraising**

**Development Office**

Total Grants and Awards are budgeted to reach $4.3 million, which is significantly less than the FY 2013 budget by $2.0 million.

In FY 2014, the Development Office will work on charity registration documents needed to file with applications for state campaigns. Donors continue to seek more evidence of impact from their donations. Being proactive by providing evidence of what donors’ contributions have accomplished and fulfilling proposal deliverables are two ways that ALA can ensure ongoing support from external and internal funders.

Long-term: Continually refresh and modify giving strategies for annual funds, major gifts, and planned giving which will increase financial/revenue support to ALA and its units. Work across ALA units to implement these strategies at the highest level of excellence and professionalism. Continually pursue excellence in the donor cycle (i.e., identify, qualify, cultivate, solicit and steward). Strengthen the data infrastructure by building reports and dashboards that give support to fundraising strategies. Objectives to be augmented by ongoing professional development of the office staff, with best practices incorporated into the day-to-day operations. Office staff encouraged to share fundraising best practices with ALA units to aid in their fundraising efforts.

**Preliminary Total FY 2014 ALA Budget**

The Total ALA FY 2014 budgeted revenues including the General Fund, Divisions, Round Tables, Plant Fund, Grants and Awards, Technology Reserve Fund and the Long-Term Investments are $49,934,549 as compared to the FY 2013 budget of $52,719,238.

Following are revenue and expense summaries for each of the ALA funds for FY 2014.
The General Fund revenues for FY 2014 are budgeted at $28,763,388 consisting of:

- Net dues income, which is budgeted at $5,802,981, represents an increase of $174,321 compared to the FY 2013 projections of $5,628,660. The dues budget assumes passage of the dues adjustment proposal on the ballot. Note: Refer to the Communications and Member Relations overview for an analysis of membership levels.

- Sale of materials, which includes sale of books, Graphics and Digital Reference is budgeted for a total of $6,184,365 as compared to the FY 2013 projection of $5,957,623. The increase of $226,742 is primarily attributed to Digital Reference and Graphics. ALA Editions book sales are budgeted at $5,466,647 as compared to $5,659,225 in FY 2013 projections. A total of 52 front list titles are projected for release as compared to 47 in FY 2013. The average list price will be increased on front list sales, with the average price per title targeted at $60.06, compared to $49.10 in FY 2013. Graphics sales are budgeted to reach $1,186,268, which represents a $168,384 increase compared to the FY 2013 projections of $1,017,884.

- Other sales include mail list rental, Online Guide to Reference subscription sales, and non-catalog product sales at the ALA Store, and are projected to be $859,454 as compared to $1,011,155 in FY 2013 projections with a decrease of $151,701.

- Subscriptions are budgeted at $2,965,180 as compared to $2,552,380 in the FY 2013 projections. Subscription revenue is a function of Booklist, Booklist Online, RDA and TechSource subscriptions. Booklist magazine budgeted flat at $1,670,074 in subscriptions from the FY 2013 projections. American Libraries magazine budgeted flat at $54,000 in subscriptions. RDA budgeted an increase of $367,963 in subscriptions from the FY 2013 projection for a total of $945,039.

- Advertising income budgeted at $3,871,506 is a decrease of $69,792 from the FY 2013 projections. Booklist advertising is budgeted at $2,352,636 which is higher than FY 2013 projections of $2,301,271, and the FY 2013 budget of $2,285,779.

- Revenues for meetings and conferences, registration fees and exhibits, space rental and meal functions are budgeted at $6,633,286, which is a $763,694 decrease from the FY 2013 projections. The FY 2014 budget reflects revenues for exhibits sales at $3,833,000 and registration fees at $2,766,036.

- Miscellaneous income, which includes donations, interest dividends and royalties, is $2,444,117 as compared to the FY 2013 projection of $2,566,919, which reflects a decrease of $122,802.
Expenses

Expenses for the General Fund are budgeted at $28,763,689, which is $291,326 more than the FY 2013 projection.

- Payroll and related expenses of $14,125,797 represent 49.1% of the total expense budget, as compared to 48.0% in the FY 2013 budget. Payroll related expenses are budgeted to increase by $372,096 from FY 2013 projection. The 1% salary increase and a 1% year-end compensation adjustment, including benefits, of $295,000 have been eliminated both in FY 2013 and FY 2014. There is a total of 37.842 unfunded FTE totaling $2,499,191 estimated savings for salaries and benefits. Publishing has 7.8 unfunded FTE, Accounting and Staff Support Services has 5.142 unfunded FTE, Member Programs and Services has 12.9 unfunded FTE, Communications has 6.0 unfunded FTE, Executive Office unit including Human Resources and the Development Office has 3.0 unfunded FTE, and Washington Office/OITP has 3.0 unfunded FTE.

- Outside Services are budgeted at $3,981,033, which is flat compared to the FY 2013 projection.

- Travel and related expenses are budgeted at $1,147,207, which is $109,734 greater than the FY 2013 projection due in part to the Chicago conference in FY 2013.

- Meetings and Conferences expenses are budgeted at $3,086,307, which is $232,919 over FY 2013 projections. Even though facilities rent is budgeted to be flat at $514,507, there are other major increases that include audio visual $115,500, special transportation $43,050, and security $76,000 over FY 2013 projections.

- Publication related expenses are budgeted at $3,293,493 and is $85,766 more than the FY 2013 projections. The increase is mainly due to the $131,857 increase from the cost of sales.

- Operating Expenses are budgeted at $4,837,276, which is an increase of $109,273 from the FY 2013 projections. Operating expenses include subscription equivalent for organizational members to receive the Library Worklife newsletter offered by the ALA-APA.

- Overhead recovery for the General Fund is expected to be $2,239,267 as compared to $2,136,931 in the FY 2013 projections. The primary reason for the increase is due to two division national conferences offset by lower grant and General Fund overhead. Divisions are budgeted to contribute $1,856,593 (24.2% overhead rate) in overhead as compared to $1,500,647 in the FY 2013 projections, which is a $340,498 greater. The grant overhead is budgeted at $364,249 and $103,057 lower than FY 2013. Publishing overhead will decrease by $591,054 from the FY 2013 budget mainly due to lower sales. Conference Services overhead will be decreased by $371,828 from the FY 2013 budget. The FY 2013 overhead rate is based on the FY 2011 Indirect Cost Study.
Division Fund

- By the end of FY 2014, the Division fund net assets are budgeted at $11,505,086. Total net revenue is budgeted to be a loss of $505,540 in FY 2014.

- No long-term investment transfers are recommended in the Division FY 2014 budget, however, several divisions have provided notification for transfers in FY 2015: ACRL, $150,000, ALSC, $49,000 and LITA, $50,000.

- No new positions were requested or budgeted for FY 2014. 8.3 unfunded positions are from ACRL, AASL, ASCLA, RUSA, LLAMA, LITA and UFL.

- Revenues for the Divisions are budgeted at $15,357,061, which represents an increase of $1,902,410 from the FY 2013 budget. Dues revenue for FY 2014 is $2,725,545, which is $21,807 higher than the FY 2013 budget of $2,703,738. Dues income for Divisions represents 17.7% of total Division revenue.

- Sales of materials is budgeted at $715,511, which represents a $37,971 decrease from FY 2013. Other sales of materials are budgeted at $1,293,576, which is a $74,487 increase.

- Subscription sales and advertising income are budgeted at $1,940,931 and $1,327,688, respectively.

- Meetings and conferences are budgeted to be $5,294,870, which represents an increase of $1,770,261 compared to FY 2013 due to two Division national conferences vs. one Division national conferences in FY 2013.

- Total expenses including overhead and taxes for the Divisions are budgeted at $15,862,601, which represents a $647,775 increase from the FY 2013 budget. Expense related to the two national conferences specifically outside services, travel, and overhead account for the increase. Support to the small Divisions total $40,081 compared to $98,160 in FY 2012. CHOICE building expenses including interest on the mortgage total $87,255.

Round Tables

FY 2014 Round Tables revenues are budgeted at $374,020 compared to $401,704 in the FY 2013 budget. Dues account for $180,907 or 48% of total revenue, and sales and meeting functions contribute $65,300 and $75,083 respectively to revenues. Sales of $65,300 are primarily related to the sale of the Coretta Scott King seals, which are now included in EMIERT. Subscription, advertising, and miscellaneous revenues are $8,350, $18,285 and $24,095 respectively.
Expenses for the FY 2014 budget are $317,310 resulting in net revenue of $56,710. The total Round Tables net assets are budgeted at $1,342,059 by the end of FY 2014. All Round Tables are budgeted to end the year with positive net assets.

**Plant Fund**

The Plant Fund budget consists of the 40 and 50 East Huron buildings, the Washington Office building, and the CHOICE building for total ALA building cost of $1,561,740 which covers the Headquarters building ($1,114,742) and the Washington Office ($359,743) building related expenses. The CHOICE portion of the cost is $87,255, which includes depreciation and interest expense.

**Long-Term Investments**

The Long-Term Investment is budgeted to fund: Other Scholarships and Awards - $84,050 and Spectrum Scholarships - $250,000, which includes a total of 50 scholarships, 30 from the ALA Spectrum Family, 1 TLA scholarship, 2 from the MLA/NLM, 1 from, Pro-Quest in honor of Ron Clowney, 10 from the Scholarship Bash, 2 named scholarships (Turock and Gordon) and 4 scholarships from ALA Divisions: ALSC, ACRL, AASL and YALSA (pending funding). The Long-Term Investment’s total budget is $1,148,898.

**Grants and Awards**

The preliminary budget reflects approved grants in the amount of $4,290,881, which will be adjusted as pending proposals are approved. Overhead recovered from grants of $364,249 will offset expenses in the General Fund.

**Capital Budget**

The proposed capital budget for FY 2014 totals $2,084,354. The capital budget continues to maintain ALA’s property, which includes improvements to the 40 and 50 East Huron buildings and Washington Office building with a capital request of $190,000 and related depreciation of $9,500. The computer and technology related budget totals $1,371,804 which results in $137,347 of depreciation to the operating budget. Furniture and equipment budget totals $33,550 with related depreciation of $3,355. Publishing work-in progress capital request totaled $389,000 with related depreciation of $38,900. There is a capital contingency of $100,000 for unexpected needs.

**Technology Reserve Fund**

There is no Technology Reserve Fund capital request in FY 2014.
The Technology Reserve Fund is intended to provide a stable source of funds for one-time major capital items associated with the Association’s core “enterprise” technology systems and infrastructure.

The Executive Board approved a transfer of $1.0 million from the General Fund reserve to establish the Technology Reserve. The funds are to be expended to support implementation of the Content Management System and the finance/accounting system.