

**American Library Association
Budget Analysis and Review Committee
Report to ALA Executive Board, ALA Council and
ALA Planning & Budget Assembly**

Annual Council, Las Vegas, June 28/29, 2014

This report to the Membership Information Session of the ALA Executive Board, Council and the Planning & Budget Assembly covers recent activities of the Budget Analysis and Review Committee (BARC). Selected for highlight are several topics discussed in meetings in Chicago in April 2014 and during ALA Annual Conference, Las Vegas.

- Planning and Budget Assembly
- Division Leadership/BARC Meeting
- Resolution to Allow Programs at the Midwinter Meeting
- ALA Financial Practices - informing membership
- Small Division Subsidy
- Indirect Cost Study
- FY 2015 Preliminary Budget Overview
- FY 2014 Budget Overview

Planning and Budget Assembly (PBA)

The committee reviewed results of the survey of PBA members provided by Councilors Karen Schneider and Aaron Dobbs. It was noted that 75% of the PBA member respondents preferred to see PBA meetings improved as compared to the option of dissolving the Assembly (13%). A considerable number (43%) said the meetings were not a good use of time and 23% were neutral on this topic. Acknowledging the results of the survey, the committee discussed many suggestions to improve the effectiveness of the PBA and concluded with the following adjustments to recommend:

- The President-Elect and Treasurer will issue a joint message welcoming all PBA members to a PBA Connect group, which will act as a venue for ongoing conversation
- Schedule the traditional timeframe of 1.5 hours to conduct the session
- The majority of the session should be devoted to planning-related issues
- President-Elect and Treasurer may choose a theme-focused discussion item; i.e. “Future Direction of Publishing,” a current trend, a strategic initiative, etc.

- PBA members will be strongly encouraged to attend the ALA Council/Membership/Information Session. This session will serve as an orientation and education function for PBA members
- All session related documents will be provided as early as possible, with the understanding that some documents are still being prepared leading up to the session

Division Leaders/BARC Joint Meeting

Closely related to the PBA session is the Division Leaders/BARC meeting scheduled every Annual Conference and Midwinter. Through the Director of Member Programs and Services, topics for discussion are solicited from the Divisions. Additionally, BARC may contribute items for the agenda.

Resolution to Allow Programs at the Midwinter Meeting

The committee considered a resolution referred by Council regarding a request to allow programs at ALA Midwinter Meeting. The resolution was introduced to ALA Council during Midwinter Meeting 2014 by the RUSA Division Councilor. BARC plans to continue its review of the resolution after input from the ALA Conference Committee and will report to Council on this topic at Midwinter Meetings 2015.

Discussion summary: Midwinter Meeting is primarily designated as an ALA business meeting but current activities include, for example, the President's Program, the Curley Lecture and limited auditorium speakers by the Divisions/Conference Services.¹ Discussion groups as a category are expanding and there are currently 200 + such discussion groups at any given Midwinter Meeting. It was suggested that perhaps the Midwinter Meeting could be rebranded as a place for professional conversations. The committee noted the cost of programs as they are offered during Annual Conference and acknowledged that the expansion of formats that were not programmatic in nature could be considered for Midwinter Meeting. Finally, BARC decided to refer the resolution to the ALA Conference Committee for review and recommendations before BARC looks at financial implications.

ALA Financial Practices – Informing members

BARC discussed effort to inform and educate members on ALA's financial operations. The following activities/venues are in place:

- ALA Finance Workshop on Friday of Midwinter
- Financial reports to Membership Information Session of ALA Executive Board, Council, Membership meeting
- Discussions at Planning and Budget Assembly and the Division Leaders / BARC meetings
- BARC - sponsored ALA Financial Learning Series (5 webcast tutorials currently available on Treasurers page of ALA Financial Information <http://www.ala.org/aboutala/governance/financialdata/treasurerspage>)

The purpose of the webcasts is to provide the viewer with a basic understanding of ALA's financial practices. Topics of existing webcasts are:

- ALA Organizational Structure & Decision Making Process

¹ As approved by the Executive Board.

- ALA Operating Agreement
- Budget Cycle and Process
- Long Term Investment Fund – the Endowment
- Round Tables Financial Orientation – Good things to know

The Committee suggested topics that might be covered by new webcast tutorials and concluded that one possibility is how to budget for pre-conferences/summits/planning retreats. Several Committee members are working with staff to compile a handbook of ALA financial policies and procedures.

Small Division Support

The committee was reminded that at the 2014 Midwinter Meeting in Philadelphia actions were taken to reaffirm the extension of the small division subsidy to United for Libraries and ASCLA through FY 2016. After FY 2016 the small division subsidies are scheduled to end. Over the years the Committee has strongly encouraged these divisions to work toward eliminating the need for the subsidy as YALSA has done. The subsidy for FY2014 is one-half of what it has been in the recent past. The current concern of the Committee is whether or not the Operating Agreement precludes an end to the stated subsidy. The issue is not clear and will continue to be evaluated.

Indirect Cost Study for FY 2016 rate

Keith Brown, ALA Finance Office, summarized for the Committee the results of the 2013 Indirect Cost study. The purpose of this annual study is to calculate the rate of indirect cost that will apply to the upcoming new budget cycle.

Using the 2013 ALA audited financial reports, internally generated performance reports and updated allocation information, the resulting rate was 25.9%, compared to last year's rate of 25.4%. The new rate will be applied to the FY 2016 budget on certain division conference revenue and half the rate (13.0%) will apply on certain publishing related revenue.

The primary drivers of the new rate relate to the impact of a full year of activity in the Neal Schuman operation in ALA Editions and the higher allocation of costs related to Fiscal Services, Audit Fees and General Administration for Publishing.

FY 2015 Preliminary Budget Overview

Keith Fiels, ALA Executive Director, provided a broad overview of the FY 2015 budget. The FY 2015 budget was built on the outcome of a series of member conversations over the last few years, which were synthesized to develop the strategic framework emphasizing Advocacy, Information Policy and Professional and Leadership Development. The strategic initiatives are part of a larger "reimaging" of ALA. A number of enabling strategies will be used to create a more welcoming, inclusive, engaged and supportive organization. Some of the key initiatives and highlights include the following:

- Support for advocacy initiatives at the national, state and local levels
- A strategic technology investment of \$250,000
- Establishment of an ALA Center for the Future of Libraries
- A national community engagement project for libraries in partnership with the Harwood Institute for Public Innovation

- A redesign of Annual Conference and the repositioning of the Midwinter Meeting
- Implementation of a permanent Association digital archiving program in conjunction with the University of Illinois
- Refinement and expansion of the Legacy Society and Library Champions programs
- Implementation of the next generation *Engage* social networking platform for ALA Chapters to support advocacy at state and national levels

Directors, liaisons and managers from each Division, Round Table and support areas met with BARC to discuss their planned activities for FY 2015 (see BARC #20 for details). After further discussion and review, BARC voted to recommend to the Executive Board approval of the FY 2015 preliminary budget as highlighted in BARC # 20.1

FY 2014 Budget Update

In the spring meetings, BARC closely examined the year-to-date (YTD) results of the current FY 2014 budget as of February 28, 2014 closing. Six months into FY 2014, revenues were less than budget by \$1.8 million and expenses were less than budget by \$3.6 million. Less revenue than budget was seen in the General Fund, the Divisions and in Grants and Awards, and occurred in publishing, dues and interest income. Expenses were down across the association. Year end projections were discussed as were possible options for closing the gap should revenues not cover expenses by year end.

BARC met during Annual Conference Las Vegas to discuss the year-to-date (YTD) FY 2014 budget results through April 30, 2014, which are the latest analyzed figures available. Preliminary findings of the April results are shown below in Exhibits 2 – 6.

This report continues with the attached slides.

Acknowledgement

BARC would like to extend its thanks to ALA finance staff - Greg Calloway, Keith Brown, Denise Moritz, Joanne Lee and Elaine Klimek - for their support of BARC and its work on behalf of members. The chair also thanks Keith M. Fiels, Executive Director, and Mary Ghikas, Associate Executive Director, for their helpful input and participation.

Respectfully submitted:

Patricia Wand, Chair
 Lori Goetsch – Via Phone
 Mario Gonzalez, Treasurer
 Ann Martin
 John Moorman
 Jim Neal
 Jo Ann Pinder
 Winston Tabb
 Janice Welburn

BARCRptBdAC14.DOC

BUDGET ANALYSIS AND REVIEW COMMITTEE

BARC Report to ALA Council, Membership and Planning and Budget Assembly

Patricia Wand – BARC Chair

Annual Conference
Saturday - June 28, 2014
Las Vegas, NV

1

BARC Report Topics

- 1. Recent Activities**
- 2. ALA Fiscal Year and Revenue Sources**
- 3. FY 2014 Budget**
 - Year to Date (YTD) update @ 4/30/14
 - Fiscal Year end projections 8/31/14
- 4. Summary and questions**

Recent BARC Activities

- **Planning and Budget Assembly**
- **Division Leadership/BARC Meeting**
- **Resolution re Programs at Midwinter**
- **ALA Financial Practices info**

ALA Fiscal Year Facts

ALA Fiscal Year 2014
September 1, 2013 - August 31, 2014

This year BARC

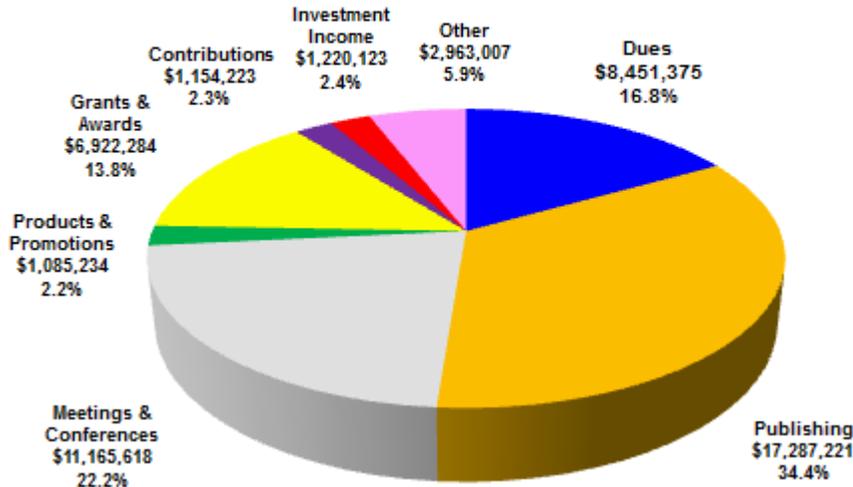
- **Oversaw close of FY 2013**
- **Monitors expenditures in FY 2014**
- **Advises Executive Board on allocations for FY 2015 budget**

4

Revenue Sources in FY13

Exhibit #1

\$50,249,085



ALA FY 2014 Budget YTD at 8 months (April 30, 2014)

Exhibit #2

- **Total ALA Revenue - \$31.2 million**
Less than the budget of \$32.4 million by \$1.3 million
- **Total ALA Expenses - \$30.0 million**
Less than the budget of \$33.0 million by \$3.0 million
- **Excess Revenues Over Expenses – \$1.1 million**
- **Cash and Investments - \$19.5 million**
More than YTD last year by \$2.5 million at \$17.0 million
- **Endowment Fund - \$37.4 million**
More than YTD last year by \$4.9 million at \$32.5 million

6

General Fund FY 2014 **YTD at 8 months (April 30, 2014)**

Exhibit #3

- **General Fund Revenue - \$15.7 million**
 - Less than budget by \$1.1 million
- **General Fund Expenses - \$16.6 million**
 - Less than budget by \$1.3 million
- **Excess Expenses Over Revenues – (\$844,414)**
 - Less than the budgeted YTD loss of (\$975,353) by \$130,939
 - This compares to a YTD loss of (\$2.2 million) for the same time last year

7

Divisions FY 2014 **YTD at 8 months (April 30, 2014)**

Exhibit #4

- **Division Revenue - \$11.5 million**
 - More than budget by \$168,299
- **Division Expenses - \$10.2 million**
 - Less than budget by \$1.0 million
- **Excess Revenues Over Expenses – \$1.4 million**
 - More than the budgeted gain of \$164,006 by \$1.2 million

8

Round Tables FY 2014 YTD at 8 months (April 30, 2014)

Exhibit #5

- **Roundtable Revenue - \$219,654**
- Less than budget by \$15,048
- **Roundtable Expenses - \$42,789**
- Less than budget by \$140,170
- **Excess Revenues Over Expenses – \$176,866**
- More than the budgeted gain of \$51,743 by \$125,123

9

FY 2014 General Fund Projections (As of April 30, 2014)

Exhibit #6

	<u>2014 Budget</u>	<u>2014 Projections</u>	<u>Variance</u>
Revenues	\$ 28,821,439	\$ 27,693,826	\$(1,127,613)
Expenses	\$ 28,821,439	\$27,693,826	\$(1,127,613)
Net \$	0	\$ 0	0

**Thank you for your
continued support
of the
American Library Association**



11