

TO: ALA Executive Board

FROM: Dina Tsourdinis, Chief Financial Officer  
Brad Geene, Director of Financial Planning and Analysis

DATE: June 23, 2023

RE: **Fiscal Year 2024 Revised Budget – Changes since Spring 2023 presentation**

**Executive Summary**

As a reminder, ALA’s annual budget process is inclusive. It begins with individual Unit Managers budgeting within the constraints of approved budget assumptions for staff salary increases, overhead contributions, endowment payout applications, staffing additions, etc.

It is also an iterative process. This second version, presented here at our Annual Conference, will be followed by a third, and final, version at our Fall meetings in October 2023. After the Fall Executive Board approval of the FY24 budget, no changes are permitted, and any actual material variances from the plan are reported to the Executive Director throughout the fiscal year by the responsible Unit Managers.

This second iteration of ALA’s Fiscal Year 2024 Budget incorporates modifications to the prior Spring version. Changes to the Total ALA surplus from operations result from a combination of Unit Managers incorporating additional information, correcting errors or omissions, as well as Senior Management decisions in alignment with the Pivot Strategy.

In aggregate, across all ALA fund types, a modest change to the initial \$124,000 surplus has occurred, and the resulting revised Fiscal Year 2024 ALA operating budget is a **surplus of \$65,000**.

**American Library Association  
Statement of Revenues and Expenses - Total ALA**

(\$ in thousands)	2024 Budget
<b>Total Revenues</b>	<b>\$50,542</b>
<b>Total Expenses</b>	<b>\$50,477</b>
<b>Total Surplus from Operations</b>	<b>\$65</b>

## **Material Revenue components**

- FY24 is a two Division Conference year with both PLA and AASL planned events.
- In line with the Pivot Strategy, Contributed and Continuing Education (CE) revenue increases are planned, alongside traditional streams from Publishing & Media, Conferences, and Membership Dues.

## **Material Expense components/material changes since Spring**

- 3% staff salary merit-based increase is budgeted to commence in January 2024.
- Staff additions during the remainder of FY23 and FY24 as prioritized by Senior Management.
- Additional staff investments in the Office for Intellectual Freedom and the Office for Diversity, Literacy and Outreach Services.
- Additional IT Concur software operating expense.

## **FY 2024 Preliminary Budget Schedules (Excel file)**

To focus on the FY24 planned activities for a *specific* ALA Unit of interest, in either the General, Division, or Round Table funds, please refer to the supporting Excel schedules developed to complement this summary memo [**FY24 Revised Budget Schedules (EBD #3.30/BARC #3.30)**].

## **Fiscal Year 2024 Capital Requests**

No revisions occurred between iterations.

FY 2024 Capital Budget requests are solicited from Unit Managers as part of the annual budget process. The operating expense impact for each requested asset is calculated and incorporated within the requesting Unit's budget. This expense is incremental to costs resulting from prior years' purchases that have not yet fully depreciated. Unit furniture, fixtures, equipment, and staff computers primarily drive this expense.

Fiscal Year 2024 Capital requests include:

### **Publishing & Media**

- RDA Toolkit and Registry Development Costs \$100,000
- Booklist Online software development \$40,000

### **Information Technology**

- Enterprise Applications \$505,000
- Hardware & Infrastructure \$1,281,447

These requests, totaling \$1,926,447, generate an operating expense in the year of purchase of \$192,645 when following ALA's convention of depreciating 50% of the cost divided by the estimated useful life of the asset.

The Total of all FY 2024 Capital Requests is reflected in the supporting Excel FY24 Revised Budget schedules (**EBD #3.30/BARC #3.30**) on the FY24 Capital Requests tab.

**Annual Estimates of Income (AEI)**

The revised Annual Estimates of Income, a metric of all resources theoretically available when combining projected Net Assets with planned revenue additions, is detailed in the table below.

**ARTICLE XIII. FINANCES**

Section 1. Review and Approval. The annual budget, including the annual estimates of income and budget objectives, shall be submitted for Executive Board review and approval as part of the budget process. Except for projects supported by grants to the Association, annual estimates of income shall be based upon the unexpended balance remaining from the previous fiscal year plus anticipated revenues for the next budgeted year. In no case may expenditures be budgeted in excess of the estimates of income arrived at in this manner except for projects supported by grants to the Association.

	<i>(\$ in thousands)</i>
	<b>TOTAL ALA</b>
ALA Net Assets ( <i>projected</i> at the end of FY 2023)	<b>\$ 64,246</b>
<b>FY 2024 Budgeted Revenues</b>	
General Fund	28,123
Divisions	14,320
Round Tables	567
Grants & Awards	7,532
Endowment	573
<b>Total FY 2024 Budgeted Revenues</b>	<b>51,115</b>
<b>FY 2024 Annual Estimates of Income</b>	<b>\$ 115,361</b>