

**American Library Association
Budget Analysis and Review Committee
Report to Council
January 9, 2011**

The information below represents the report of the Budget Analysis and Review Committee (BARC) activities since the Annual Conference in Washington, DC. BARC met for two days on September 30 and October 1, 2010 at ALA headquarters in Chicago.

The committee discussed a wide range of topics. Some of the more important topics included the following:

- FY 2010 Budget Review
- Final FY 2011 Budget Update
- New Business Development
- PBA and Finance Workshop Content
- BARC Orientation

In addition, I will highlight financial results as of November 2010:

Total ALA (all combined funds) revenue of \$8,653,554 is \$377,004 less than budget. The General Fund revenue of \$4,797,176 is \$149,500 less than budget due primarily to lower organization dues revenue. Division revenues are 6%, \$2,808,006 or \$174,700 less than budget and Grants and Awards \$822,351 are \$81,065 less than budget year-to-date. Investment interest and dividends are more than budget by \$46,883, reaching \$167,477 year- to-date.

Total ALA expenses of \$10,278,309 are 6%, \$700,385 less than budget. The General Fund expenses of \$6,425,604 are \$120,594, 2% more than budget. Divisions are \$659,166 less than budget. Grants and Awards are \$81,065 less than budget.

General Fund

Total revenues of \$4,797,176 are \$149,500, 3% less than budget. Revenues are flat compared to the FY 2010 balance of \$4,743,990.

Publishing revenues are less than the budget by \$669 due primarily to ALA Editions, American Libraries, Online Resources and Graphics. Note: The Publishing net revenue for November year-to-date is less than budget by \$8,034, reaching \$336,064.

Dues income is less than budget by \$121,076, totaling \$1,435,874, which is \$32,863 less than last year.

Interest Income is less than budget by \$17,846 reaching \$175,335.

Midwinter net revenue is expected to meet budget based on information currently available.

Total expenses of \$6,425,604 are \$120,594 or 2% more than budget. Member Programs and Services expenses are \$79,401 more than budget due primarily to timing of expenses incurred (\$109,199 under budget), ITTS (\$75,646 over budget), Midwinter expenses (\$130,750 over budget) and OIF \$16,901 under budget. Note: 1) Midwinter expenses are still being processed ahead of budget allocation. 2) Communication expenses are \$104,847 less than budget and Publishing is \$7,365 more than budget. Business Expenses are \$50,802 more than budget. Executive Board and Council committee expenses were \$72,155 less than budget. Salary savings total \$90,347, of which savings (attrition) through November was budgeted at \$141,927. Note: Professional Services are \$74,684 under budget and temporary employees are \$6,637 under budget.

Currently, expenses exceed revenue by \$1,628,428, which is worse than the (\$1,358,334) budget by \$270,094 or 20%.

FY 2010 Budget Review

The Treasurer will present the final audited results to Council on Tuesday.

BARC did take action related to the FY 2010 results.

As a result of the information provided by G. Calloway, AED, Finance, the General Fund net income will be about \$304,000. At this point, because of the larger than expected net income, management recommended the award of an Organizational Incentive to staff. The following actions were taken:

BARC recommends to the Executive Board that an organizational incentive of an amount equal up to one week salary plus benefits be awarded to all staff as of August 31, 2010.

G. Calloway closed by stating again the amount of hard work by all staff in helping to bring in a positive net revenue for the fiscal year, particularly in view of the mid year adjustments that needed to be made.

Final FY 2011 Budget

G. Calloway highlighted to the committee the changes to the FY11 budget since the Annual Conference. It was noted that the economy is still in flux and showing signs of improving, but that the library community is expected to continue experiencing negative impacts for the foreseeable future. As a result, management made several additional adjustments to the budget to reduce both revenue and expenses. Some of the changes include the following:

- Incorporated approved grants received after AC
- Modified Division budgets based on their board's recommendations

After a discussion of the budget changes since Annual Conference the following action was taken:

BARC recommends to the Executive Board approval of the final FY 2011 Budget.

New Business Development

BARC went into closed session to discuss new business opportunities. The business advisory group consisting of Jim Neal, Rod Hersberger, Keith Michael Fiels, Robert Walton, Susan Epstein and Jim Fish met on October 11 (after the BARC meeting) to further discuss the opportunities that are currently available.

The new business opportunities based on:

1. Identifying new markets for current products/services
2. Exploring merger/acquisition opportunities
3. Evaluate the feasibility of investment in new business product/services

Finance Workshop

The workshop is viewed as ALA's educational opportunity for those members interested in how ALA's finances work, as well as, providing those member leaders who are new to their positions the basis of financial responsibility. The feedback from the previous session suggests that changes made last year in terms of its structure and material covered was successful but still need more refinement. Because ALA is a complex organization, it was felt that having an understanding of the budget was vital. In addition to understanding the budget process, the importance of making mid year forecasting/projections was important. The committee decided to provide "Best Practices" as it relates to the ALA budget process. Items to be included are:

Budgeting "Best Practices"
Mid year forecasting
Use of Income i.e. reinvesting in programs

Several units – ACRL, ALSC, LIRT - within the Association were identified as having excellent processes in budget development and projections. They will be approached regarding their possible participation in this year's program. In addition to the content it was determined that there needed to be more interaction between the attendees and the presenters.

Planning and Budget Assembly

The committee discussed the structure of the PBA meeting. The attendees include divisional, round table, council and committee representatives. The purpose of this meeting is to begin the clarification of the budget work of the Association that reaches beyond the current fiscal year. The formal program will include the following:

- President Elect's President's program
- FY10 Year-End Review
- FY11 Budget Update
- Strategic planning - 2015

It is envisioned that the PBA gives the attendees a venue for open and honest discussion of issues facing the Association, the profession and libraries. It also provides the ability to pick up on all the topics discussed and give them an opportunity to further spread the buy-in outside of the meeting room i.e. other constituents.

BARC Orientation

As a result of two new members being appointed to the committee, in addition to being an excellent opportunity for continuing education, an orientation was conducted. New members to the committee were welcomed and given a detailed synopsis of the committee's purpose, how it fits within the organization, how it operates, important relationships (Council, Executive Board, Divisions, etc.), each member's responsibilities and some of the best practices used for liaison success. The session served as an excellent refresher and opportunity to further an understanding of some of the committee's best practices.

Acknowledgement

The BARC committee would like to thank the Finance staff, Greg Calloway, Keith Brown, Sandy Lee and Elaine Klimek for their outstanding work and support in preparing this committee for the work that it addressed during these two days of meetings. The chair would also like to thank Keith M. Fiels and Mary Ghikas for their insightful and helpful input and participation.

Respectfully submitted,

Mario M. González, BARC Chair
Clara Bohrer
Courtney Young
Norman Eriksen
Joan Giesecke
Patricia Hogan
Alexander Villagran
Winston Tabb
James Neal, ALA Treasurer