

Treasurer's Report to Council

- Annual Estimates of Income and Budgetary Ceiling -

Jim Neal – ALA Treasurer
Tuesday July 2, 2013
Chicago, IL

FISCAL YEAR 2013 STATUS

- 9 month Period Ending May 31, 2013

☐ Total ALA Revenues (all combined funds) :

\$33,517,178 or less than budget by \$1,879,690 (-5.3%)

☐ Total ALA Expenses (all combined funds) :

\$35,409,571 or less than budget by \$3,639,035 (-9.3%)

☐ General Fund Revenues:

\$17,424,192 or less than budget by \$2,425,008 (-12.2%)

☐ General Fund Expenses:

\$19,898,693 or less than budget by \$2,529,910 (-11.3%)

FISCAL YEAR 2013 STATUS

- 9 month Period Ending May 31, 2013 con't

❑ Division Revenues: \$10,209,104 or more than budget
by \$107,721 (1.1%)

Division Expenses: \$9,958,441 or less than budget
by \$1,436,574 (-12.6%)

❑ Roundtable Revenues: \$242,691 or less than budget
by \$56,724 (-19.0%)

Roundtable Expenses: \$108,273 or less than budget
by \$109,377 (-50.3%)

FISCAL YEAR 2013 STATUS

- 9 month Period Ending May 30, 2013 con't

- ❑ Grants and Awards: \$5,184,927 or more than budget by \$667,346 (14.8%)
- ❑ Investment Int/Div: \$456,264 or less than budget by \$173,026 (-27.5%)
- ❑ Long-Term Investment: \$34,944,471 (\$32.6 million in Aug/2012)

Implementation of Expense Reductions

- *General Fund*

Projected Deficit --\$1.9 million

Senior management and staff reviewed all aspects of the ALA operation. Upon doing so revenues were projected through the end of the fiscal year and a number of areas where it is believed that cost savings can be realized were identified. BARC, F&A and the Executive Board reviewed, discussed and supported management's recommendations.

FISCAL YEAR 2013 BUDGET UPDATE

- General Fund Revenues: Projections

	Annual		Year-End		%
	<u>Budget</u>		<u>Projections</u>	<u>Variance</u>	<u>Change</u>
Publishing Services	\$ 15,650,815	\$	13,241,921	\$ (2,408,894)	-15.4%
Member Progs/Ser	\$ 9,280,971	\$	9,166,499	\$ (114,472)	-1.2%
Communications	\$ 5,792,538	\$	5,617,285	\$ (175,253)	-3.0%
Interest Income	\$ 734,940	\$	848,398	\$ 113,458	15.4%
Mail List Sales	\$ 180,912	\$	180,912	\$ -	0.0%
Executive Office	\$ -	\$	-	\$ -	0.0%
Total	\$ 31,640,176	\$	29,055,015	\$ (2,585,161)	-8.2%

FY13 Budget Adjustments

- Reported at Midwinter 2013

- ◉ Eliminated the budgeted \$291,771 to replenish net asset balance.
- ◉ Management successfully negotiated favorable rates with healthcare providers, which will result in expense savings on the medical benefits provided to staff.
- ◉ \$400,000 expense savings across General Fund units was implemented.
- ◉ Management is delaying (currently eliminated) the **budgeted** 1% adjustment to base salary for staff and 1% year-end compensation adjustment - \$295,000.
- ◉ Vacant positions remain **unfilled** (since 2008 — 33 in General Fund)

Identified Expense Reductions

- Projected Deficit (\$952,896) Before Expense Reductions

Staff Development	\$	99,983
Open Positions (Publishing)	\$	108,814
Subscription Equivalent	\$	53,754
Bad Debt	\$	27,595
ED Contingency Fund	\$	100,000
Committee Expenses	\$	66,316
Subscription Income	\$	122,918
Maintenance Reduction	\$	70,000
Executive Board Expense Savings	\$	30,000
AED 10% Salary Cut	\$	46,610
Lease Expense Reduction	\$	20,887
Growth Fund	\$	25,000
Vendor Settlement	\$	120,000
Other	\$	<u>61,019</u>
Total	\$	952,896

Total ALA Budgeted Revenues

2014 vs. 2013

	<u>2014 Budget</u>	<u>2013 Budget</u>	<u>Variance</u>	<u>% Change</u>
Dues	\$ 8,648,567	\$ 8,630,257	\$ 18,310	0.2%
Sales - Net	\$ 6,902,086	\$ 8,871,963	\$ (1,969,877)	-28.5%
Sales Other	\$ 2,278,580	\$ 2,277,604	\$ 976	0.0%
Subscriptions	\$ 4,924,080	\$ 4,992,379	\$ (68,299)	-1.4%
Advertising	\$ 5,135,938	\$ 5,210,977	\$ (75,039)	-1.5%
Meet & Conferences	\$ 12,113,599	\$ 11,178,006	\$ 935,593	7.7%
Grants & Awards	\$ 3,957,562	\$ 5,418,352	\$ (1,460,790)	-36.9%
Miscellaneous	<u>\$ 6,347,162</u>	<u>\$ 6,139,700</u>	<u>\$ 207,462</u>	<u>3.3%</u>
Total	<u>\$ 50,307,574</u>	<u>\$ 52,719,238</u>	<u>\$ (2,411,664)</u>	<u>-4.8%</u>

Total ALA Budgeted Expenses

2014 vs. 2013

	<u>2014 Budget</u>	<u>2013 Budget</u>	<u>Variance</u>	<u>% Change</u>
Payroll & Related	\$ 20,937,478	\$ 22,516,737	\$ 1,579,259	7.5%
Outside Services	\$ 6,709,224	\$ 6,918,653	\$ 209,429	3.1%
Travel & Related	\$ 2,241,897	\$ 2,142,587	\$ (99,310)	-4.4%
Meet & Conferences	\$ 6,865,941	\$ 6,974,019	\$ 108,078	1.6%
Publication Related	\$ 5,022,973	\$ 5,367,668	\$ 344,695	6.9%
Operating*	<u>\$ 9,097,067</u>	<u>\$ 10,347,894</u>	<u>\$ 1,250,827</u>	<u>13.7%</u>
Total	<u>\$ 50,874,580</u>	<u>\$ 54,267,558</u>	<u>\$ 3,392,978</u>	<u>6.7%</u>

*Includes depreciation from Technology Reserve Fund

General Fund Revenues/Expenses

2012 - 2014

	2012	2013	2013	2014
	<u>Actual</u>	<u>Budget</u>	<u>Projected</u>	<u>Proposed*</u>
Revenues	\$ 27,245,834	\$ 31,640,176	\$ 29,055,015	\$ 28,821,439
Expenses	<u>\$ 28,618,064</u>	<u>\$ 31,348,405</u>	<u>\$ 29,055,015</u>	<u>\$ 28,821,439</u>
Net Revenues	<u>\$ (1,372,230)</u>	<u>\$ 291,771</u>	<u>\$ -</u>	<u>\$ -</u>

*This budget reflects an additional \$1.0 million in expense reductions from FY13

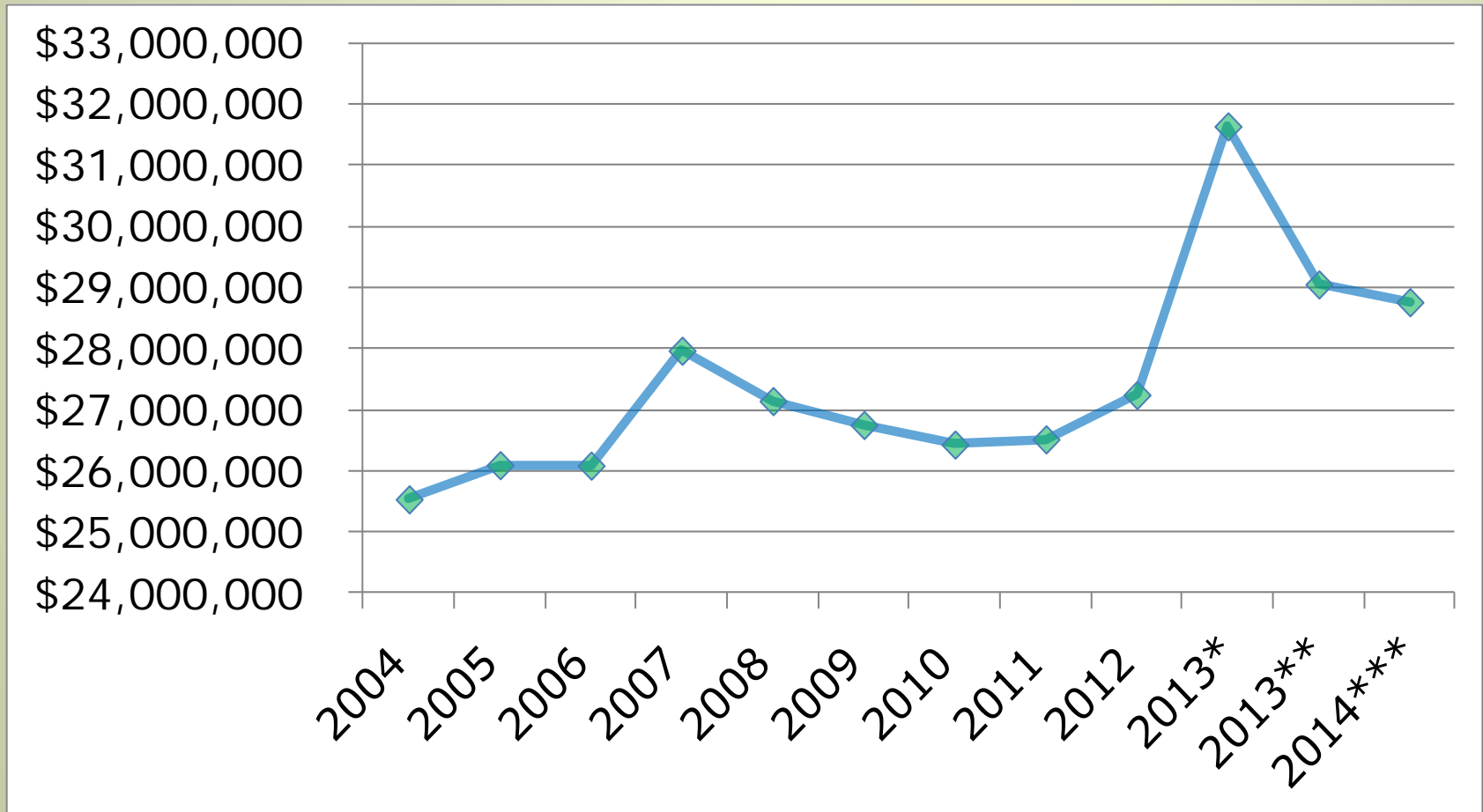
General Fund Budgeted Revenues

2014 vs. 2013

	<u>2014 Budget</u>	<u>2013 Budget</u>	<u>Variance</u>	<u>% Change</u>
Dues	\$ 5,802,981	\$ 5,807,988	\$ (5,007)	-0.1%
Sales - Net	\$ 6,184,365	\$ 8,116,481	\$ (1,932,116)	-31.2%
Sales Other	\$ 859,454	\$ 959,217	\$ (99,763)	-11.6%
Subscriptions	\$ 2,965,180	\$ 2,952,390	\$ 12,790	0.4%
Advertising	\$ 3,871,506	\$ 3,908,039	\$ (36,533)	-0.9%
Meet & Conferences	\$ 6,691,036	\$ 7,480,274	\$ (789,238)	-11.8%
Miscellaneous	<u>\$ 2,446,917</u>	<u>\$ 2,415,787</u>	<u>\$ 31,130</u>	<u>1.3%</u>
Total	<u>\$ 28,821,439</u>	<u>\$ 31,640,176</u>	<u>\$ (2,818,737)</u>	<u>-9.8%</u>

General Fund Revenues

2004 - 2014



*Budget **Projection ***Plan

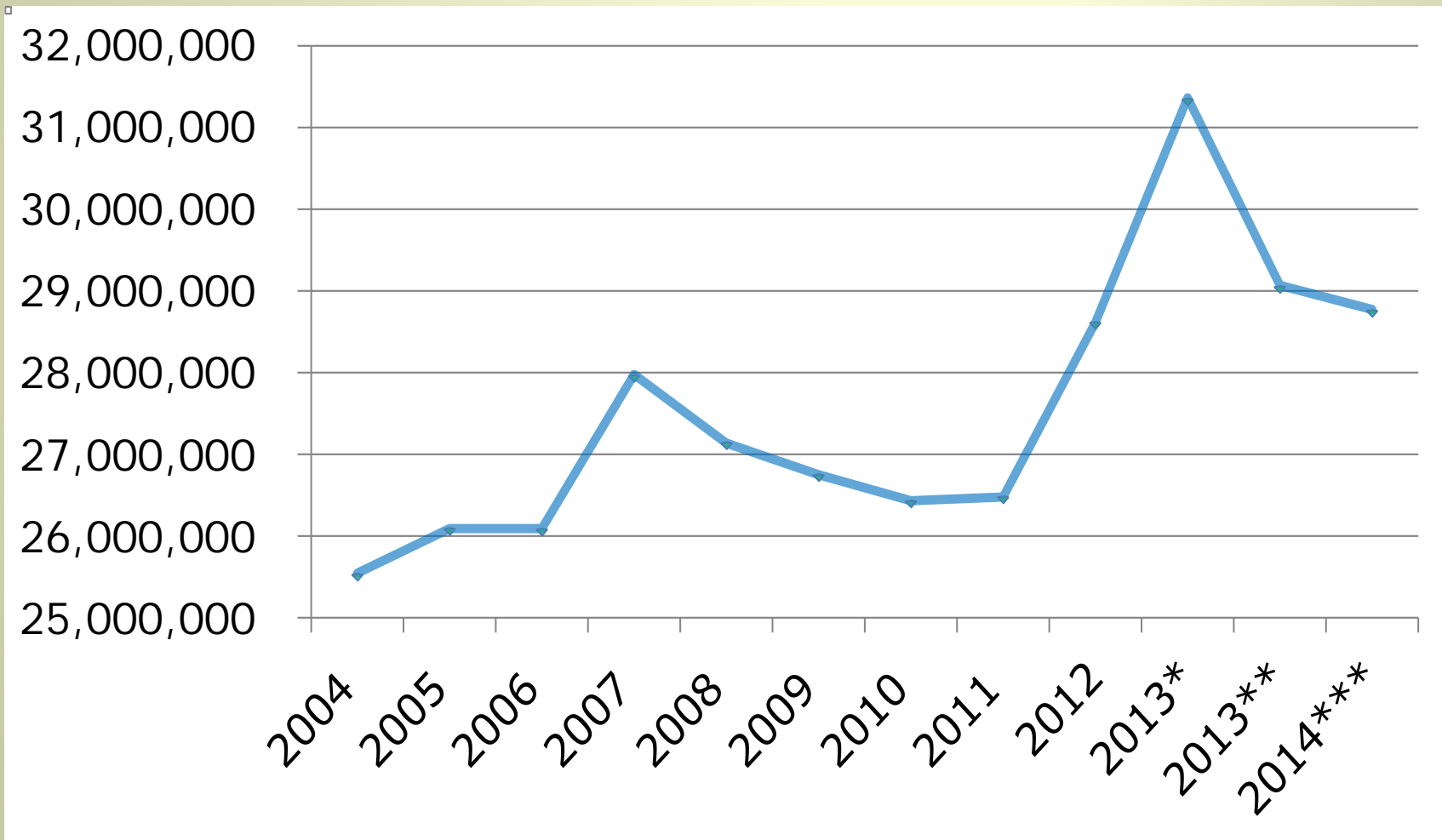
General Fund Budgeted Expenses

2014 vs. 2013

	<u>2014 Budget</u>	<u>2013 Budget</u>	<u>Variance</u>	<u>% Change</u>
Payroll & Related	\$ 14,125,797	\$ 15,045,197	\$ 919,400	6.5%
Outside Services	\$ 3,981,033	\$ 3,906,802	\$ (74,231)	-1.9%
Travel & Related	\$ 1,147,207	\$ 1,061,250	\$ (85,957)	-7.5%
Meet & Conferences	\$ 3,140,057	\$ 2,918,847	\$ (221,210)	-7.0%
Publication Related	\$ 3,297,493	\$ 3,538,752	\$ 241,259	7.3%
Operating	<u>\$ 3,129,852</u>	<u>\$ 4,877,557</u>	<u>\$ 1,747,705</u>	<u>55.8%</u>
Total	<u>\$ 28,821,439</u>	<u>\$ 31,348,405</u>	<u>\$ 2,526,966</u>	<u>8.8%</u>

General Fund Expenses

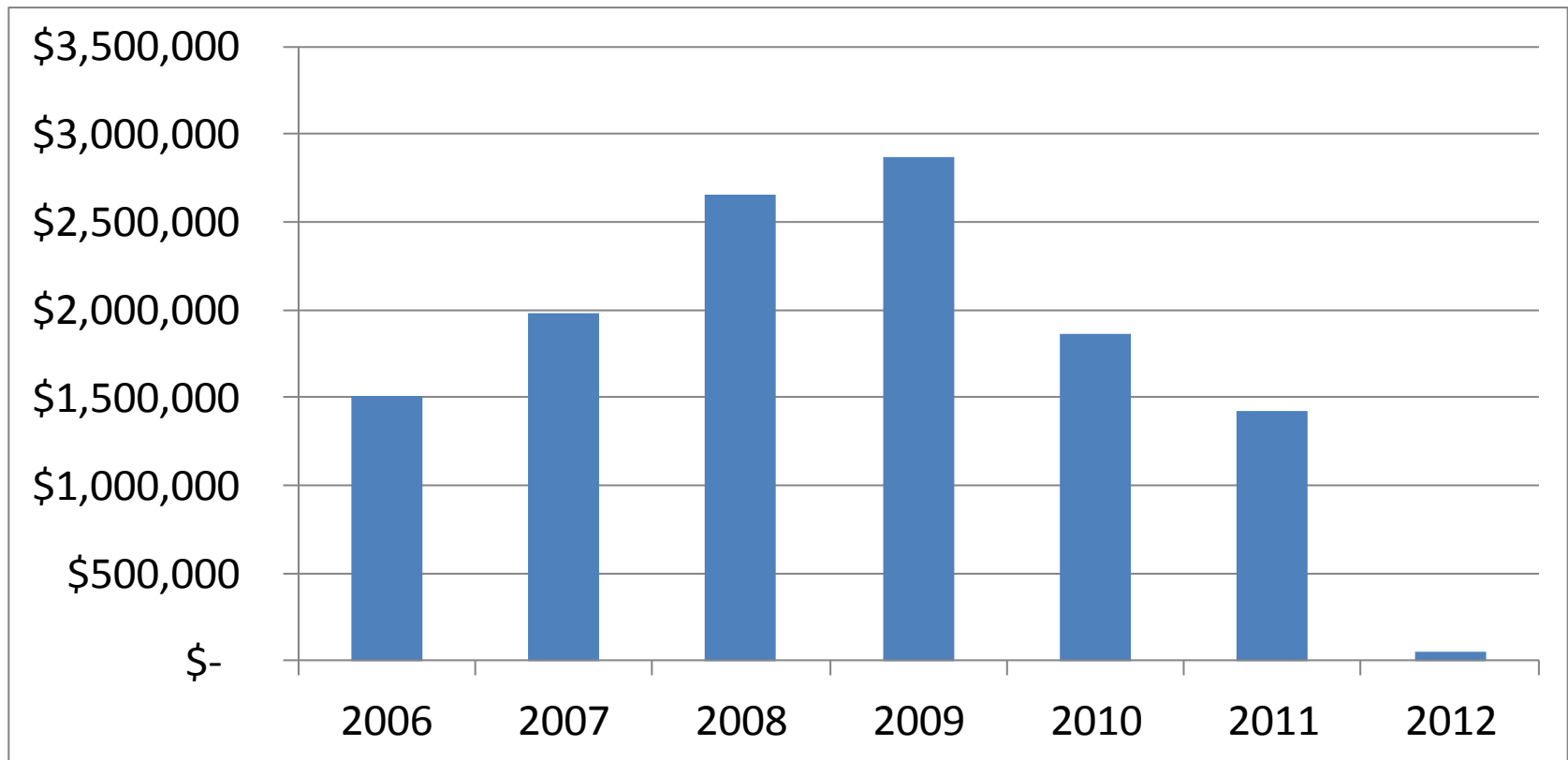
2004 - 2014



*Budget **Projection ***Plan

General Fund Net Asset Balance

2006 - 2012



Identified Expense Reductions

- Projected Deficit (approximately \$2.8 million) Before Expense Reductions

Publishing Staff	\$	500,000
Other Staff	\$	1,100,000
No Compensation Increase	\$	300,000
Dues Increase (+)	\$	80,000
Depreciation	\$	100,000
Conference Registration (+)	\$	100,000
Small Division Subsidy	\$	50,000
Grant Overhead (+)	\$	100,000
Taxes	\$	80,000
Staff Development	\$	130,000
Contingency	\$	50,000
Bad Debt	\$	50,000
Committees	\$	85,000
Division Support	\$	16,500
Building Maintenance	\$	70,000
Other	\$	<u>50,000</u>
Total	\$	2,861,500

Revenue Producing Areas

Net Revenue: 2012 – 2014

	2012	2013	2013	2014
	<u>Actual</u>	<u>Budget</u>	<u>Projected</u>	<u>Proposed</u>
Dues	\$ 5,770,810	\$ 5,807,988	\$ 5,628,660	\$ 5,802,981
Publishing	\$ (70,264)	\$ 1,413,819	\$ 583,306	\$ 941,672
Meetings & Conferences	<u>\$ 834,206</u>	<u>\$ 1,381,736</u>	<u>\$1,389,685</u>	<u>\$ 611,215</u>
Total	<u><u>\$ 6,534,752</u></u>	<u><u>\$ 8,603,543</u></u>	<u><u>\$7,601,651</u></u>	<u><u>\$ 7,355,868</u></u>

Fiscal Year 2014 Budget

- The Next Steps -

Details and Approval

ALA's Financial Value Proposition

“To develop and deploy the financial resources that support the strategic plan and delivery of programs that are responsive to member needs and support the improvement of library service.”

Budget Aligned with ALA Programmatic Priorities

(Key Action Areas)

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

Total ALA Fiscal Year 2014 Budgetary Ceiling

Net Assets

(Unexpended balance remaining from FY 2013)

+

Revenue

(Anticipated for FY 2014)

=

Budgetary Ceiling

General Fund Annual Estimate of Income

Budgeted FY 2014 Revenues

Dues	\$5,802,981
Material Sales	7,053,819
Subscriptions	2,965,180
Advertising	3,871,506
Meet/Conferences	6,691,036
Miscellaneous	<u>2,446,917</u>
Total Budgetary Ceiling (2014)	\$28,821,439
Total Budgetary Ceiling (2013)	\$31,640,176

Divisions Annual Estimate of Income

Estimated Beginning -

Net Asset Balance	(Ending FY13 Projection)	\$12,010,626
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Budgeted FY 2014 Revenue	\$15,366,833
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Other Revenue Transfers*	<u>\$ 17,830</u>
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Total Budgetary Ceiling (2014)	\$27,395,489
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Total Budgetary Ceiling (2013)	\$26,171,508
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*Life and Continuing Member Dues

Round Tables Annual Estimate of Income

Estimated Beginning -

Net Asset Balance (Ending FY13 Projection)

\$1,285,349

Budgeted FY 2014 Revenue

\$374,020

Total Budgetary Ceiling (2014)

\$1,659,369

Total Budgetary Ceiling (2013)

\$1,566,759

Grants and Awards Annual Estimate of Income

Non-Government	\$1,327,371
Governments	2,674,276
Contributions	<u>576,707</u>
Total Budgetary Ceiling (2014)	\$4,578,354
Total Budgetary Ceiling (2013)	\$4,711,672

Long-Term Investment

Annual Estimate of Income

Budgeted FY 2014 Revenue	\$1,349,611
Interest/Dividend Transfer	-440,539
Spectrum Interest/Dividends	199,469
Spectrum Capital Gain	99,387
Life Member Dues	<u>-59,030</u>
Total Budgetary Ceiling (2014)	\$1,148,898
Total budgetary Ceiling (2013)	\$936,716

Total ALA Fiscal Year 2014 Budgetary Ceilings

General Fund	\$28,821,439
Divisions	27,395,489
Round Tables	1,659,369
Grants & Awards	4,578,354
Long Term Investments	<u>1,148,898</u>
 Total ALA Budgetary Ceiling (2013)	 \$63,603,549
Total ALA Budgetary Ceiling (2012)	\$65,026,831

*Technology Reserve Fund \$341,068

REQUEST OF COUNCIL

Approval of Fiscal Year 2014
Budgetary Ceiling of
\$63,603,549

Mark Your Ballot

ALA Budgetary Ceiling

Thank You for
Your Attention.

Are There Any Questions?