

TO: BARC  
FROM: Sandy Lee, Director, Planning & Budgeting  
Gregory Calloway, AED Finance  
DATE: January 15, 2013  
RE: **FY 2014 Budgeted Small Division Subsidy from the General Fund**

The preliminary estimate of the total small division subsidy from the General Fund of \$98,160 for the FY 2014 budget is the same as the FY 2013 budget amount of \$98,160. This preliminary estimated subsidy consists of \$41,577 for ASCLA, and \$56,583 for UNITED FOR LIBRARIES. Consistent with the overall General Fund guideline, the preliminary FY 2014 budget was developed by applying a 0% general inflation rate over FY 2013 budget expenses with no increase in salaries over FY 2013 budget. Based on this guideline, the budgeted revenue and expense level of ASCLA and UNITED FOR LIBRARIES meet the 50% funding level test since the dues and other revenues are at or more than 50% of the costs of supporting staff and basic service. A summary and description of the subsidy calculation is attached.

Motion made and carried at 2012 Midwinter Meeting: "BARC reaffirms that the small division subsidy for ASCLA and UNITED FOR LIBRARIES (ALTAFF) will terminate by FY 2015 and caps the subsidy at FY 2012 levels of \$41,577 (ASCLA) and \$56,583 (UNITED FOR LIBRARIES) for FY 2013."

Some of the FY 2014 preliminary budget highlights are:

### ***ASCLA***

In the FY 2014 preliminary budget, ASCLA proposed to continue share staffing with RUSA and with a total of 1.25 approved FTE. Of the 1.25 approved FTE, .25 FTE will be filled by independent contractor and a .25 FTE is continued to be unfunded in FY 2014. ASCLA projected dues revenue to be \$46,000 and donations to be \$3,800. The FY 2014 proposed basic services revenue for ASCLA is \$61,820. The preliminary FY 2014 ASCLA budgeted subsidy is \$41,577 per recommendation.

### ***UNITED FOR LIBRARIES***

In the FY 2014 preliminary budget, UNITED FOR LIBRARIES proposed to retain the approved 3.8 FTE with an unfunded .8 FTE as in FY 2013.

In the FY 2014 preliminary budget, UNITED FOR LIBRARIES projected \$65,330 dues revenue, \$108,000 subscription, and \$131,000 donations in the basic services projects. The FY 2014 proposed basic services revenue for UNITED FOR LIBRARIES is \$308,880 and the projected interest revenue from UNITED FOR LIBRARIES endowment fund is \$6,997 with a total of \$315,877 dues and other revenues to support basic services. The preliminary FY 2014 UNITED FOR LIBRARIES budgeted subsidy is \$56,583 per recommendation.

**General fund Subsidy calculation:**

	ASCLA	UNITED	Total
(1) Dues and other revenues to support basic services (Total revenues generated from basic services projects: i.e. dues, subscriptions, donations, royalties, awards & endowment interest)	61,820	315,877	377,697
(2) Costs of providing staff & basic services (Total expenses budgeted in the basic services projects: i.e. salaries, operating expenses, governance & committee support, membership promotion, conference program, professional relations, newsletter, and awards)	114,635	385,055	499,690
(3) Meeting the 50% required funding level (Dues and other revenues - line 1, as a percentage of total costs of providing staff & basic services - line 2 Division must generate from dues and other revenues at least 50% of the funding required to provide basic services. If a division is unable to meet this 50% level for two consecutive years, its status as a division must be referred to Council by the Executive Board, with an appropriate recommendation.)	54%	82%	76%
(4) Operating reserve actual balance as of <b>9-1-12</b> ( <b>FY 2013</b> beginning balance) (Actual operating reserve balance as of the beginning of the fiscal year in which the next fiscal year budget is being prepared.)	74,197	(172,032)	(97,836)
(5) 50% of the <b>FY 2014</b> budgeted basic service operating expenses (50% of the total estimated costs of providing basic services - line 2.)	57,318	192,528	249,845
(6) Basic service support from reserve balance (This is the difference between the reserve balance - line 4 and the 50% of the cost of basic services - line 5. Small divisions are permitted to maintain reserves that are equal to no more than 50% of the amount required to support their basic services. The General Fund budget allocation request will be reduced by the amount by which the reserve exceeds the 50% of the cost of basic services)	16,879	0	16,879
(7) Net basic services expenses (The net budgeted basic services expenses is equal to: the total revenues generated from basic services projects less the total costs of providing basic services.)	52,815	69,178	121,993
(8) Requested subsidy from General Fund to support basic services (The amount of the budget allocation request is equal to: the net basic services expenses - line 7 less the amount of the reserve which exceeded the 50% of cost of basic services - line 6)	35,936	69,178	105,114
(9) Allowable subsidy equals requested subsidy amount or recommended subsidy amount	41,577	56,583	98,160
(10) Additional support from reserve balance (The difference between the requested subsidy - line 8 and the allowable subsidy - line 9 will be supported by the reserve balance.)	(5,641)	12,595	6,954
(11) Projected operating reserve balance as of <b>8-31-2014</b> ( <b>FY 2014</b> Ending balance)	90,900	(153,856)	(62,957)