

TO: BARC
FROM: L. Denise Moritz, Director of Financial Reporting and Compliance
Gregory Calloway, AED Finance
DATE: January 15, 2014
RE: **FY 2015 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 2015 budget is the same as the FY 2014 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 2015 budget was developed by applying a 0% general inflation rate over FY 2014 budget expenses with no increase in salaries over FY 2014 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 at the end of 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 2015 preliminary budget highlights are:

ASCLA

In the FY 2015 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 an independent contractor and a .25 FTE will continue to be unfunded in FY 2015. ASCLA projected dues revenue to be \$42,500 and donations to be \$3,800. The FY 2015 proposed basic services revenue for ASCLA is \$58,320. The preliminary FY 2015 ASCLA budgeted subsidy is \$41,577 per management recommendation.

UNITED FOR LIBRARIES

In the FY 2015 preliminary budget, UNITED FOR LIBRARIES proposed to retain the approved 3.8 FTE with an unfunded .8 FTE as in FY 2014.

In the FY 2015 preliminary budget, UNITED FOR LIBRARIES projected \$65,330 dues revenue, \$108,000 subscription, and \$131,000 donations in the basic services projects. The FY 2015 proposed basic services revenue for UNITED FOR LIBRARIES is \$306,880 and the projected interest revenue from UNITED FOR LIBRARIES endowment fund is \$4,000 with a total of \$310,800 dues and other revenues to support basic services. The preliminary FY 2015 UNITED FOR LIBRARIES budgeted subsidy is \$56,583 per management recommendation.

American Library Association
FY 2015 Budget

General fund Subsidy calculation:		ASCLA
(1)	Dues and other revenues to support basic services	58,320
(2)	Costs of providing staff & basic services	100,182
(3)	Meeting the 50% required funding level	58%
(4)	Operating reserve balance as of 8/31/13	96,576
(5)	50% of the FY 2015 budgeted basic service operating expenses	50,091
(6)	Basic service support from reserve balance	46,485
(7)	Net basic services expenses	41,862
(8)	Requested subsidy from General Fund to support basic services	(4,623)
(9)	Allowable subsidy equals requested subsidy amount or recommended subsidy amount	41,577
(10)	Additional support from reserve balance	N/A

	FY 2015			
	Projected Request Before Sal Inc.	Projected Sal Inc. 0% Merit & 0% Ind. Incentives	Basic Service Budget	
Revenues				
Dues and other revenues to support basic services	\$ 58,320	\$ -	\$ -	58,320
Expenses				
Salaries & benefits	71,749	-	-	71,749
Operating expenses	10,553	-	-	10,553
Governance & committee support	12,970	-	-	12,970
Membership promotion	3,885	-	-	3,885
Conference program	-	-	-	-
Professional Relations/ Advisory Services	-	-	-	-
Newsletter/Journal Awards	1,000	-	-	1,000
	25	-	-	25
Total expenses	100,182	-	-	100,182
Net basic service expenses	\$ 41,862	\$ -	\$ -	41,862
No. of members as of 8/31/13				808
Number of approved FTEs				1.25

General fund subsidy calculation:

UNITED FOR LIBRARIES

(1)	Dues and other revenues to support basic services		310,880
(2)	Costs of providing staff & basic services		394,246
(3)	Meeting the 50% required funding level	(1) / (2)	79%
(4)	Operating reserve balance as of 8/31/13		(171,833)
(5)	50% of the FY 2015 budgeted basic service operating expenses	(2) * .5	197,123
(6)	Basic service support from reserve balance	(4) - (5)	0
(7)	Net basic services expenses		83,366
(8)	Requested subsidy from General Fund to support basic services	(7) - (6)	83,366
(9)	Allowable subsidy equals requested subsidy amount or recommended subsidy amount		56,583
(10)	Additional support from reserve balance		26,783

UNITED FOR LIBRARIES

	Projected Request Before Sal Inc.	Projected Sal Inc. 0% Merit & 0% Ind. Incentives	Basic Service Budget
<u>Revenues</u>			
Dues and other revenues to support basic services	310,880	-	310,880
plus	4,000		
			310,880
<u>Expenses</u>			
Salaries & benefits	271,683		271,683
Operating expenses	55,997		55,997
Governance & committee support	3,400		3,400
Membership promotion			-
Conference program			-
Professional Relations/ Advisory Services			-
Newsletter/Journal	59,316		59,316
Awards	3,850		3,850
Total expenses	394,246		394,246
Net basic service expenses	(83,366)		(83,366)

Number of members

Associate / affiliate members: 1,209 at 8/31/13

Subscriptions: 2,483 at 12/31/13

Number of approved FTEs

	3,692
	3.80

General fund subsidy calculation:

- (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)
- (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)
- (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.)
- (4) Operating reserve actual balance as of 8/31/13
(Actual operating reserve balance as of the beginning of the fiscal
year in which the next fiscal year budget is being prepared.)
- (5) 50% of the FY 2015 budgeted basic service operating expenses
(50% of the total estimated costs of providing basic services - line 2.)
- (6) Basic service support from reserve balance
(This is the difference between the reserve balance - line 4 and 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 50% of the cost of basic services)
- (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.)
- (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)
- (9) Allowable subsidy equals requested subsidy amount or recommended subsidy amount
- (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.)
- (11) Projected operating reserve balance as of 8/31/14

FY 2015 Basic Service Budget			
	ASCLA	UFCL	Total
	58,320	310,880	369,200
	100,182	394,246	494,428
	58%	79%	
	96,576	(171,833)	(75,257)
	50,091	157,123	247,214
	46,485		46,485
	41,862	83,366	125,228
	(4,623)	83,366	78,743
	41,577	56,583	98,160
	N/A	26,783	26,783
	91,775	(183,415)	(91,640)