Budget Instructions & Assumptions

For Fiscal Year

2017

The ALA budget instructions and assumptions are outlined within this document to assist you with your budget preparation. Direct any questions to Brad Geene, Director Budgeting & Planning at bgeene@ala.org or 312-280-4253.

ALAAmericanLibraryAssociation

Contents

Key ALA Finance Department Contacts:

Mark Leon, Chief Financial Officer
melon@ala.org
(312) 280 – 4261

Joanne Lee, Controller
jlee@ala.org
(312) 280 – 4254

Brad Geene, Director Budget & Planning
bgeene@ala.org
(312) 280 – 4253

John Cuculich, Financial Systems Administrator
jcuculich@ala.org
(312) 280 - 4262

Introduction

The Fiscal Year 2017 budget will once again be developed within the overall framework of the Association's mission, core values and programmatic priorities which are encompassed in the **strategic directions** reiterated below.

- ➢ Advocacy
- ➢ Information Policy
- ➢ Professional and Leadership Development

These Strategic Directions support the Council-approved **programmatic priorities**:

I: Advocacy for Libraries and the Profession
II: Education and Lifelong Learning
III: Intellectual Freedom
IV: Organizational Excellence
V: Diversity
VI: Equitable Access to Information and Library Services
VII: Literacy
VIII: Transforming Libraries

The strategic directions are, in turn, supported by a number of **enabling strategies**:

- Create an assessment and evaluation process to measure the effect of the strategic initiatives.
- Review governance structure (including committees and round tables) to identify changes to address the strategic initiatives.
- Review staff structure and compensation to ensure focus on strategic initiatives.
- Build a more robust public communication and public relations/marketing capacity.
- Identify revenue streams and fundraising opportunities to support the strategic initiatives.
- Engage division leaders and staff to define their role and contribution to the strategic initiatives.
- Build a sustainable technological infrastructure that enables ALA to advance the strategic initiatives.
- Align ALA publishing and conferences to support the strategic initiatives.
- Strengthen pathways for member involvement/engagement in strategic initiatives.
- Leverage partnerships to increase organizational impact.

Table of Assumptions

Please refer to these FY 2017 Budget Assumptions when preparing your budget. Note that any changes to these *preliminary* assumptions will be communicated to all managers through the Connect "ALA Annual Budget Community".
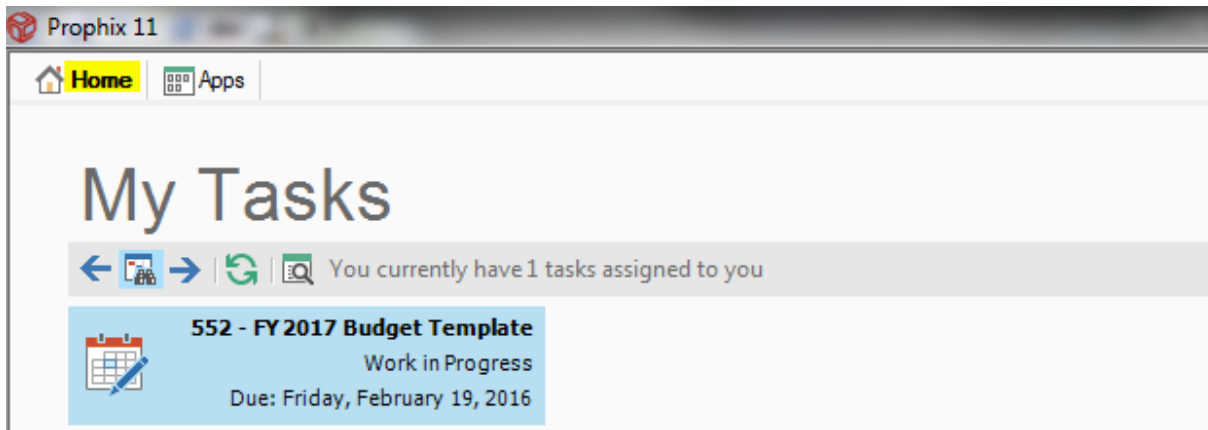
CATEGORY	FY 2017 ASSUMPTION	COMMENT
NON-PERSONNEL:		
Indirect Cost Overhead Rate (full)	23.7%	Based on FY 2014 Audited results
Indirect Cost Overhead Rate (half)	11.85%	Web CE revenue
Grant Rate (Preliminary)	19.42%	
Endowment Spending Rate	5.0%	
Bank Service Fees	2.85%	GL Line (5122) Bank S/C
Mileage reimbursement rate	54 cents per mile	Calendar Year 2016 IRS Rule
Subscription Processing (IUT)	$6.25 & $6.50 RDA	GL Line (5903-4)
PERSONNEL:		
Salary	0%	To be assessed after current mid-year projections in March 2016
Employee Benefits	33%	GL Line (5000)
Employee Benefits – Temps & OT	15%	GL Lines (5001-2)
Attrition %	4.5%	GL Line (5005)

Prophix Budget Templates & Training Sessions

For the third year, budgets will be prepared and consolidated within Prophix. New this year, the template will be fund number specific thus avoiding the need to navigate a second drop-down menu. The screenshot below shows the template icon (top in blue) and the new fund specific template (bottom picture in yellow). This example is for the General Fund (11).

Template Navigation and Allocation Training

Refresher training will be provided to budget managers during January (22nd and 29th) and February (4th and 5th). A series of 3 training sessions will be conducted in the Carnegie Room and will include: a projection of the budget template, data-entry, sample allocation techniques, cell comment additions, and closing Q & A as needed. **If you are a new manager and have not been introduced to the ALA budget process, please contact Brad Geene (x 4253) to schedule a time for review.**

Salary Worksheets

A listing of the FY 2016 approved positions in your unit will be provided. Salary figures will be based on the December 31, 2015 payroll. Benefits are projected at 33% of total salaries less attrition for FY 2017. Overtime and in-house temp are assessed at 15% for benefits.

Your review of this worksheet entails the following steps:

If you need to update any aspect of this document, just let Brad Geene know and a new worksheet will be prepared for you. For the General Fund, please do not include upgrades to salaries on this schedule. Highlight upgrades in your budget overview and submit upgrades to your department head and Human Resources.

Due to an increase in healthcare costs, 33% of salary less attrition should be budgeted for employee benefits (**Line 5010**).

Estimated overtime for non-exempt employees should be budgeted under **Line 5002.** Prophix cell comments should be provided for all budgeted overtime. Prophix 11, our current version, now allows a much easier way to enter cell comments – just right click and begin typing or paste in your comments from a word or excel file. 15% of overtime wages should be added to the fringe benefit line (**Line 5010**).

   Review the accuracy of all the data on the salary worksheet. The information on the salary worksheet was provided by Payroll/Human Resources. However, you may have more updated/revised data regarding employee names, title, grade level, and/or FTE %. In-house temporary employees should be budgeted under expense **Line 5001** (wages/temporary employees). Cross charges from other units should be budgeted as in-house temporary employees and not as outside consultants. The Unit will not be charged the full benefit rate for temporary employees. However, there are benefit costs incurred. ALA is responsible for paying FICA, State and Federal FY 2017 Unemployment and Workers Compensation for in-house temporary employees. You should budget fringe benefits for temporary employees by applying 15% to the gross wages.

Depreciation

Managers will be provided a worksheet that contains all fixed assets purchased by your unit through FY 2015 and the **budgeted** capital purchases for FY 2016. Total projected depreciation/amortization expense for <u>FY 2017 will be calculated by Budgeting & Planning before any FY 2017 new additions which must go through an approval process</u>.

Depreciation, GL Line 5530, should only be budgeted in the administrative project - **0000**.

For your information, depreciation expense is calculated in the following manner:

1)   All units requesting new capital items in FY 2017 will be charged depreciation on Senior Managements' approved items. Budgeting & Planning will adjust your FY 2017 budget **after** the Capital Budget request is approved.

2)   Computer related equipment (printers, software, etc.) – are based on a three-year depreciable life. Allocate one-sixth (one-half of one-third) of the item's purchase price to depreciation expense in the year purchased, one-third of the purchase price each of the second and third years, and one-sixth in the fourth year.

3)   Office Equipment and Furniture -- based on a five-year depreciable life. Allocate one-tenth (one-half of one-fifth) of the purchase price in the year purchased, one-fifth each of the second through fifth years, and one-tenth in the sixth year.

4)   Development cost for software – based on a five-year life. Allocate one-tenth (one-half of one-fifth) of the purchase price in the year purchased, one-fifth each of the second through fifth years, and one-tenth in the sixth year.

Capital Requests

An FY 2017 Capital Request form will be posted on the Connect "ALA Annual Budget Community."

All ALA purchases of **desktops, laptops and tablets** should be capitalized as well as all other purchases exceeding $1,000.

The Capital Request Form is used for Units to request items of equipment or furniture costing **more than $1,000**.

Units anticipating building improvements or furniture additions should also use the Capital Request Form to submit your request.

ITTS will no longer lease personal computers and monitors; therefore computer-related equipment (such as scanners, printers, and software over $1,000) will be capitalized and depreciation expense will be charged to units. For lease expense of other equipment, please see budget instructions for Equipment Lease Expense account #5520.

A) UNIT NUMBER: The Unit requesting the equipment should be included here. Where more than one Unit will be sharing the cost and depreciation, all should be included and an appropriate percentage division of such costs should be identified.

B) ITEMS REQUESTED: Multiple items can be combined on one request. For instance, a personal computer and printer would constitute a single Capital Request. Software and maintenance must be budgeted in your Unit's operating budget, accounts #5501 and #5140.

C) DESIRED MONTH OF ACQUISITION: To assist in forecasting the cash flow, identify the earliest desired and latest possible month for which you need the equipment.

D) ESTIMATED LIFE: For computer related equipment, use a depreciable life of three years. For furniture and office equipment use a life of five years. These depreciation assumptions conform to industry standard. Please contact Planning & Budgeting for the life of other equipment.

E) ESTIMATED PURCHASE PRICE: Provide your best estimate of cost, obtained from catalogs or vendor quotes. For standard equipment, the Office of Support Services and Facility can provide estimates for you. For estimated purchase price of computer-related equipment, please contact ITTS.

F) SUMMARIZE JUSTIFICATION: Provide a brief description of the purpose or functions to be fulfilled through the use of this equipment. Use additional pages if necessary. Include software applications.

G) STAFF/SPACE REQUIREMENTS: If you require additional office and workspace to operate the new equipment, identify the estimated square footage.

Timeline & Due Dates

Please note that the Executive Board will meet on April 16-17, 2016. Please adhere to the due dates in order that senior management will have sufficient time to review and prepare the budget presentation. Early submission of the budget would be greatly appreciated.

The **Budget Review Meetings will be held from March 2-9, 2016**. A detailed meeting schedule will be posted for your review. If you have any scheduling conflicts that require a different day or time please call Brad Geene at extension 4253.

<u>January, 2016</u>	Preparation of salary worksheets, depreciation worksheets, and Prophix Budget Templates (**New in FY 2017- fund specific templates!**)
January, 2016	FY 2017 Budget Instructions Issued (Overhead Rate = **23.7%**)
2016 Midwinter Meeting, Boston (January 8 – 12, 2016)	➢ BARC to review Budget Instructions and Assumptions ➢ Approve President Elect Budget ➢ Division Boards approve Preliminary Division Budgets
January 19, 2016	**Prophix Budget Templates – Unlocked (appear on your homepage)**
January 2016	**Prophix Open House Training – Carnegie Room (3 open sessions TBD). Project budget template and conduct demo, Q & A.**
February 19, 2016	**Prophix Budget Templates - Locked**
February 19, 2016	UNIT BUDGETS, UNIT OVERVIEWS, AND ORGANIZATIONAL CHARTS DUE IN PLANNING & BUDGETING AND TO DEPARTMENT HEADS: ➢ EXECUTIVE OFFICE ➢ MEMBER PROGRAMS & SERVICES UNITS (EXCEPT CONF. SERV. & ITTS – see below) ➢ COMMUNICATIONS & MARKETING ➢ FINANCE & ACCOUNTING ➢ ROUND TABLES ➢ PLANT FUND ➢ LONG-TERM INVESTMENT FUND AND GRANTS & AWARDS ➢ APA
February 26, 2016	Other General Fund BUDGETS, UNIT OVERVIEWS, AND ORGANIZATIONAL CHARTS DUE IN PLANNING & BUDGETING AND TO DEPARTMENT HEADS: ➢ MEMBERSHIP DUES ➢ PUBLISHING ➢ CONFERENCE SERVICES ➢ ITTS

Timeline & Due Dates (continued)

March - April, 2016	Analysis and Preparation of Budget Review Schedules by Planning & Budgeting: * Review and Analysis, Meeting with Units * Preparation of Summaries & Budget Overviews
March 1, 2016	New Capital Requests - aggregated for Senior Management's review
March 2-4 & 7-9, 2016	**General Fund, Divisions, & APA Budget Review Meetings** `- Individual Unit Manager date and time slots to be determined -`

March 16 - 17, 2015	**Senior Management's Budget Prioritization Discussions:**
	  ➢ **FY 2017 Preliminary APA Budget**
	  ➢ **Compensation Plan (Finalization)**
	  ➢ **Capital Budget (Finalization)**
	  ➢ **Budget Recap**
	FY 2017 Preliminary Budget - Board Presentation Discussion

April 4, 2016	Budgets Mailed to Executive Board
April 16 -17, 2016	Executive Board Meeting to review FY 2017 Total ALA Preliminary Budget Request
April 18 – 19, 2016	BARC Meeting to review FY 2017 Total ALA Preliminary Budget Request

ALA Connect Community

New for Fiscal Year 2017, the process of emailing attachments and placing files and reference documents on the shared drive, will be replaced by leveraging Connect's new "ALA Annual Budget Community". This has been created so that all colleagues with budgeting responsibilities, both unit managers and their delegates if applicable, are included in the communications stream.

Lastly, please take a moment to make sure that your personal notifications are enabled for this new community in "My group settings" so that you are alerted as items are posted.