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Budget Analysis and Review Committee (BARC) Report to the ALA Executive Board

2008 Midwinter Meeting January 16, 2008 Philadelphia, PA

It is my pleasure to present the report of BARC's activities since the Fall meeting and during the 2008 Midwinter Meeting.

November Results, FY 2008—BARC #5.4

Total ALA—Total ALA revenues for the period were \$10.5 million, which is 7% or \$757,000 less than budget of \$11.2 million. This compares to \$7.7 million last year. Accounting for most of the shortfall against budget were the Divisions (\$325,000) and Grants & Awards (\$554,000). Total ALA expenses for the period are \$10.5 million compares to \$9.0 million last year. This is 14% or \$1.7 million less than budget. The shortfall was partially due to lower expenses in the General Fund of \$439,000 related to General Administration and the Executive Office.

General Fund—General Fund revenues for the period totaled \$5.1 million and were 3% or \$151,000 more than budget of \$5.0 million. Increased Publishing revenue from ALA Editions (\$63,000), American Libraries (\$49,000) and Graphics (\$44,000) accounted for most of the change. Dues revenue was \$115,000 over this time last year at \$1.4 million. Membership seems to be on target with total membership at 65,748, an increase of 226. Membership growth is being realized in most divisions and roundtables. At this point, Conference Services anticipates hitting its net revenue target for the Midwinter Meeting. Advertising and exhibit sales revenue are both over budget. Registration revenue is approximately 89% of budget at \$754,000. General Fund expenses for the period totaled \$6.0 million, which was 7% or \$439,000 less than budget of \$6.5 million. The largest savings was in General Administration (\$218,000) and the Executive Office (\$149,000).

As we considered **Conference revenue**, the news of Philadelphia's greater attendance than our Seattle Midwinter meeting is good. In a cautious approach, BARC recommended continuing conservative projections of conference revenue in the FY 2008 budget year.

Publishing revenue can be described as soft on subscriptions and advertising during the transitions it is making to new business models that incorporate more use of electronic formats for both products released and the work of writing and editing documents that are submitted.

FY 2009 Budget Instructions—BARC Info #7

Although on Saturday, we had not seen the financial news that puts a label on it, BARC discussed the possibility that the American economy might be entering a recession. In financial news on Tuesday, Jan 15, a world recession is already in the media reports. The estimate of interest returns will be lower because of falling interest rates on our endowment and other accounts.

Already in preparation with the Finance staff, BARC considered FY 2009 financial guidelines for the Association that predict a zero increase in expenses except for salaries. The *Budget Guidelines* reviewed will ask all ALA units to budget zero increases and Finance staff will recommend a 3% compensation increase for staff in the FY 2009 budget, lower than the 3.5% in the FY 2008 budget.

A second highlighted discussion of the Budget guidelines is the effort, as advised by the Auditor, the ALA Treasurer, and Finance staff to bring budget variances into a predictable range. BARC discussed a range of percentages that could serve as a guideline for units, ranging from the current "understood" level of 10% to a tighter match of 5%. The draft of FY 2009 Budget Instructions proposed the 5% match. Members of BARC wished to have broad discussion before the final guidelines were in place.

Following this meeting, the guidelines were distributed to the Division Breakfast event and input began to flow in. It turned out to be the most broadly discussed item in conversations at all the unit meetings that followed.

FY 2009 Small Division Support—BARC #22

ALA continues to allocate support to ASCLA in the amount of \$36,114 and to ALTA in the amount of \$55,011. An ASCLA unit will hold a preconference in Anaheim. ALTA is currently exploring a partnership with FOLUSA, currently with a contract. That effort seems to be progressing.

With the period of matchmaking in progress, the participants seem to be in the wooing stage and looking forward to the next level. BARC is optimistic about the future of this cooperative venture.

BARC and the Finance & Audit Committee met jointly and discussed the following:

Presidential Initiatives

J. Rettig presented his proposed Presidents' budget for FY 2008—09. The budget consists of a total of \$100,000 which includes the following:

- Presidents programs at 2009 Midwinter and Annual
- Advocacy tool kit for integrated legislative and other advocacy efforts within a state
- Scholarships for undergraduates to spend a day at Annual Conference
- Career Connections
- "Craig's List of opportunities for members to get involved in ALA
- Online Salon and Conversations with ALA Leaders
- Unconference Sessions and Juried Grassroots Programs at Annual Conference
- Virtual Poster Sessions
- YouTube Questions for Candidates at Midwinter 2009 Candidates Forum

It was noted that many of the items make use of technology, which enhances a limited number of ALA inter-active web programs. The following action was taken:

BARC and F&A recommend to the Executive Board approval of the ALA President-Elect (Jim Rettig's) Proposed Budget for Presidential Initiatives, 2008-09.

FY 2007 Indirect Cost Study—BARC Info #8

Keith Brown summarized the Indirect Cost Assumptions (BARC Info #8). There were no changes from the FY 2006 to FY 2007 assumptions. The FY 2008 study will be completed in April 2008 resulting in a composite rate to be incorporated in the FY 2009 budget.

Finance Workshop

Over the interim period since my Fall report, the Committee has worked with Finance staff to prepare presentations for the Finance Workshop held for the member volunteers. Our agenda for that meeting, should you not have attended one, is to talk about the basis of the organization, its status as a 501(c)3, its policies regarding finance, some definition of finance terms, and the infamous Operating Agreement that is the basis of our relationship with the Divisions of ALA. We invited a list of some fifty people, of whom 13 came to hear the words of wisdom this committee and the finance staff had to share.

The results of the session are currently in analysis by our evaluator, Dr. Tyrone Cannon, who took on the task. His early analysis came to us in our second BARC meeting. Attendees liked any personal examples we gave that explained both financial terms and relationships within ALA. They also liked having someone who had performed their job previously give them pointers on how to do the job effectively. That was particularly true of the Round Table session, but also came to light from Division finance chairs in later discussions in the Treasurer's suite on Monday evening.

Planning and Budget Assembly

The attendance was much larger for this Saturday meeting, including divisional, round table, council and committee representatives. The formal program was, as is traditional, the President Elect's description of the initiatives for the following year, which Jim Rettig calls "Connections". Our Executive Director then described the "2010 Initiatives" he has chosen, followed by the Treasurer's overview of ALA finances. What we seek to do in this meeting is to begin the clarification of the work of the Association that reaches beyond FY 2008. PBA gives the attendees the ability to pick up on these initiatives from both the directions that the President intends to take, and projects the Executive Director will fund with an FY 2008 allocation of some \$250,000 to be dedicated to internal ALA projects.

This year, we also included a report from Marcia Boosinger on the Presidential Task Force on a Graduated Dues Study in anticipation of member and unit discussions of that task force's findings as well as BARC's actions to recommend a small portion of the work be funded, but not the full study. In fact, we found little opposition to our report in this group.

The PBA accomplishes its goal of open conversation, and has done so year after year. It is an invaluable session for the Association and its units.

BARC Council Referrals

Two items have been referred from Council.

1. Review of number of days scheduled for the Midwinter Meeting
2. Review of definition of a personal member of ALA

As I have reported previously, BARC undertook an in-depth orientation at its Fall meeting. The results of that are playing out in the work of the committee, with each member better prepared to explain its own function as well as ALA Finance procedures and issues. We set a high standard for ourselves this year and committee members are proving well prepared to meet it.

Acknowledgement

BARC is indebted to the Finance staff, Greg Calloway, Keith Brown, Russ Swedowski, Sandy Lee and Elaine Klimek for their fine work in support of ALA, but particularly this committee.

Respectfully submitted,

Marilyn L. Hinshaw, BARC Chair
Tyrone Cannon
Audra Caplan
Norman Eriksen
Joan Giesecke

Mario Gonzalez
Charles Kratz
J Linda Williams
Rod Hersberger, ALA Treasurer