



Association of College and Research Libraries
Budget and Finance Committee
Budget Assumptions Conference Call

October 19, 2012 from 10:00-11:00 a.m. Central

<http://ala.adobeconnect.com/bfbudgetassumptions/>

Agenda

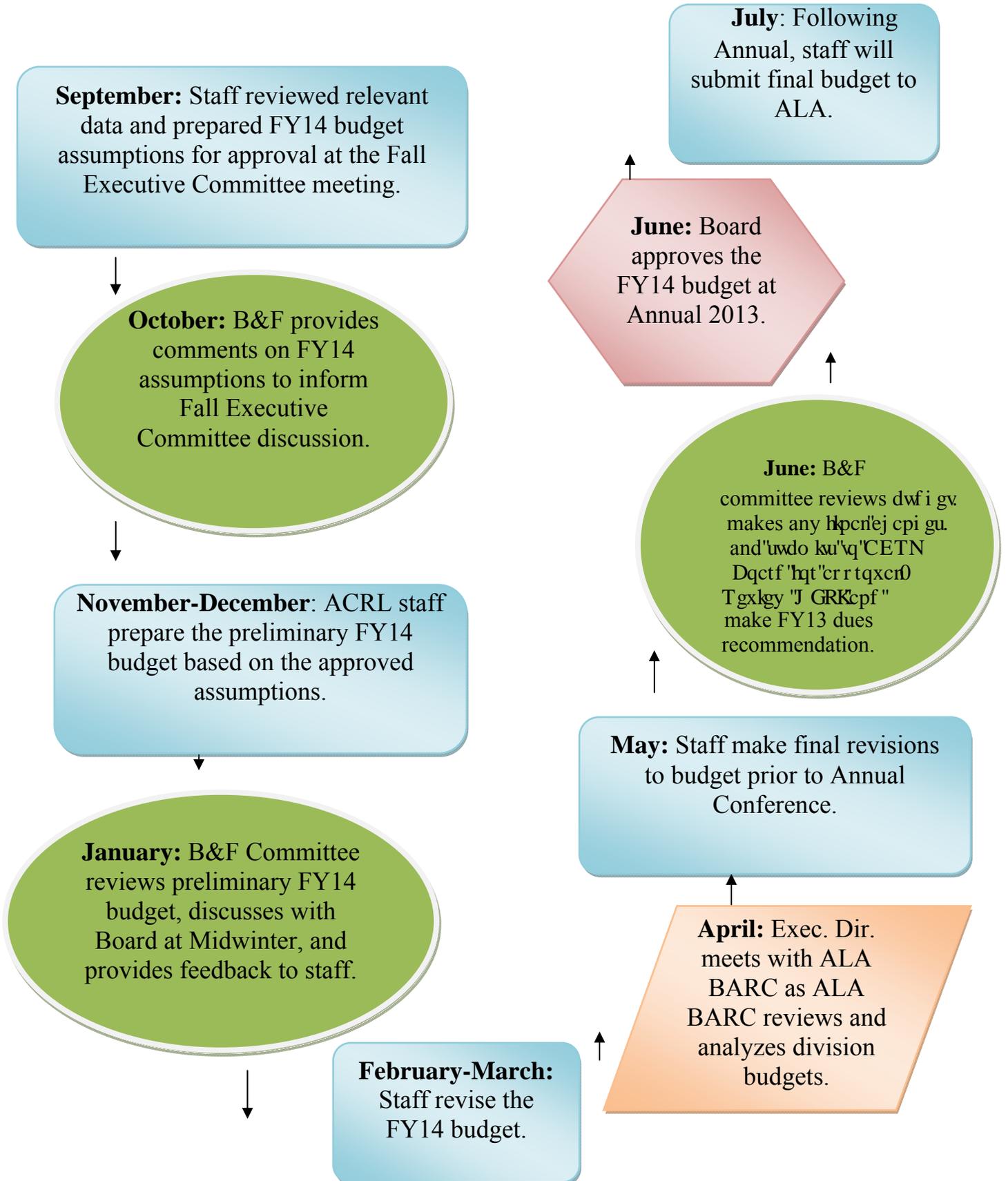
- 1:30 p.m. **1.0 Welcome/introductions/outcomes** (Steinhoff/Davis)
- Deeper understanding of the budget assumptions process.
 - Budget & Finance Committee comments and feedback on the FY14 draft budget assumptions for Fall Executive Committee meeting.
- 1:35 p.m. **2.0 FY13 Budget Assumptions Discussion** (Davis) #2.0
- 2.1 Quick process review document #1.0**
 - 2.2 Discussion of document #2.0**
- 2:20 p.m. **3.0 Next Steps** (Steinhoff/Davis)
- The process for incorporating the Budget & Finance Committee comments and feedback into the FY14 draft budget assumptions document and/or Fall Executive Committee meeting discussion will be reviewed and agreed upon.
- 2:25 p.m. **4.0 Plus Delta Meeting Evaluation Adjourn** (Steinhoff)
- The Budget & Finance Committee will have an opportunity for a brief meeting evaluation to determine what went particularly well and what can be improved for the future.

Documents

- Doc 1.0 FYI-2 Budget Timeline Overview
- Doc 2.0 FY14 Draft Budget Assumptions

ACRL BUDGET AND PLANNING PROCESS

Overview for FY1(cycle



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FY2014 Budget Assumptions

ACRL develops budget assumptions annually to guide staff in preparing annual project budgets. ACRL's budget is mission-driven and should provide sufficient revenues to support its strategic initiatives and its diverse activities that benefit members and the profession. This is accomplished through a blend of programs and services, some of which generate net revenues, e.g., ACRL Conferences, and others that the association expects to support, e.g., advocacy. The ACRL Executive Committee will review and approve the assumptions below at its 2012 Fall Executive Committee meeting. Based on the approved budget assumptions, ACRL staff will prepare the preliminary FY14 budget for review by the Budget & Finance Committee at the 2013 Midwinter meeting.

General Overview: ACRL

As we prepare the FY14 budget for ACRL, there is no evidence the uncertain economic times we have been experiencing since 2008 will be changing anytime soon. Economic reports do not show the quick recovery from the recession that everyone had hoped for. CNNMoney's Paul R. La Monica's October 7, 2011, posting (quoted last year in this document) is still appropriate today: "the tepid economy is like a barbeque—the recovery is going to be low and slow."

In September 2012 Federal Reserve officials announced that economic growth will improve faster than they had earlier projected as they started another round of stimulus purchases aimed at spurring economic growth. They also said that they plan to keep short-term interest rates at exceptionally low levels through mid-2015.

<http://money.cnn.com/2012/09/13/news/economy/federal-reserve-qe3/index.html>

While the U.S. S&P 500 and the Dow Jones are currently doing well, the world continues to be nervous about the long-term effect of the European debt crisis and the effects that may have on the U.S. and global economies.

"Recent economic reports indicate activity ticked up in the third quarter, but overall economic growth is expected to remain at a sluggish sub-2 percent rate this year," according to a release from Fannie Mae's (OTC Bulletin Board: FNMA) Economic & Strategic Research Group. "A positive September jobs report, continued resilience in the housing market, and the Federal Reserve's latest quantitative easing measures appear to have bolstered consumer confidence, with September retail sales posting relatively good results. However, uncertainty surrounding ongoing financial and policy issues both domestically and abroad may restrain meaningful economic growth in 2012."

"The U.S. fiscal cliff and debt ceiling debate as well as the weakened global economic environment are likely to create the strongest headwinds facing any real improvement this year," said Fannie Mae Chief Economist Doug Duncan.

<http://www.sacbee.com/2012/10/18/4921195/signs-of-improvement-emerge-but.html#storylink=cpy>

This uncertain economic climate adds to the challenge of formulating ACRL's FY2014 budget assumptions. It is very difficult to predict revenues in this economy although we expect that library budgets and individual spending will continue to be down. ACRL had a better-than-projected FY12, buoyed primarily by keeping costs down and better than budgeted sales of e-learning, and classified ads. FY14 is a non-conference year for ACRL, which typically means that it is a "spend down" year as we expend funds to prepare for the ACRL 2015 conference without revenues to offset these expenses. All revenues pertaining to ACRL 2015 will be recognized in April 2015 after the conference is held.

The current economic climate has depressed ACRL's traditional revenue from membership, advertising, and subscriptions, and that is expected to continue. ALA suffered a significant drop in organizational members in FY12 and this drop typically affects ACRL's organizational members. Further, one of ACRL's historic revenue streams, classified

advertising, while showing gains in FY12, is not expected to return to historic highs simply because there are so many other ways to advertise positions. ACRL is exploring new programs and services that may generate revenue, e.g., workshops on using ACRL's new standards, consulting services, and increased opportunities for online advertising.

While ACRL looks for ways to grow its revenue streams, we have also been working to trim administrative expenses and at this time we are keeping two FTE staff positions vacant. Staff continues to look for ways to streamline procedures and automate processes where possible. Our goal is to moderate expenditures to be more in line with current revenue expectations while aligning the budget to support the Plan for Excellence. One of our challenges is in the continuing support of legacy programs, services, and structures. It is very fortunate that ACRL just received nearly \$250,000 from the Institute of Museum of Library Services to fund "Assessment in Action," the next steps in ACRL's Values Initiative.

Assuming that the "barbecue recovery" will still be in effect in FY14, we will expect flat or declining revenues and flat or increasing expenses from FY14 for most continuing programs.

Discussions with the Budget & Finance Committee confirmed the belief that the economy will be relatively flat in FY14. For example, those that work for publicly supported institutions anticipate flat or declining revenue from the public funding sources and confirmed that the federal stimulus money is running out. Governments at the local and state levels are continuing to look for ways to cut spending and higher education is receiving its share of cuts. The committee felt that this depressed state and local funding could last another five years or so. Institutional endowment revenue was also expected to decline and efforts were being made on campuses to diversify sources of revenue. One member did report cautious optimism at her institution as the endowment had performed well but this was not the general experience.

The scarcity of and competition for resources within higher education is expected to continue and this will continue to negatively impact ACRL's revenue. We plan to add to the budget expenses to implement activities to advance ACRL's Plan for Excellence. Given that it is not a conference year the budget is expected to have at least a -\$250,000 net deficit for expenses related to conference planning. It is expected the deficit will be much larger given some of the new initiatives ACRL will undertake as it continues to support its legacy programs. However, the still comfortable net asset balance of nearly \$4 million gives ACRL time to continue to expand its programs and services to maintain its relevancy to the membership.

Note: These assumptions were reviewed by the Budget & Finance Committee during its virtual meeting on October 19th.

General Overview: CHOICE

As we contemplate FY2014, CHOICE's finances will continue to be shaped by the lingering effects of the Great Recession and continuing technological change that together have helped accelerate the continuing transition from print to digital resources within academic libraries. This transition, which has been steadily gathering speed for several years, can be expected to run its course over the next 2-3 years. During this time CHOICE will confront a continuing need for new revenues to replace rapidly eroding print subscription and ad sales, a need that will in turn require continued capital investment.

Accordingly, CHOICE's FY2014 budget will once again feature a deficit, albeit one that is manageable given CHOICE's substantial cash reserve. The single most important FY2014 development will be the beginning of work on one or more of the long planned derivative versions of the new HighWire CRO3 platform, now finally scheduled for launch in FY2013. For CHOICE, the launch of CRO3 represents not so much an end in itself as the beginning of a new era of product development. Product development will be crucial to CHOICE's future growth for the foreseeable future, and FY2014 will mark the year in which it will finally be possible for that development work to begin. In FY2014 CHOICE will also continue to pursue and explore new sources of licensing and electronic ad revenues, both of which have considerable growth potential.

Inevitably, the combination of relatively flat revenues with increased expenses will result in a negative bottom line in FY 2014, making FY2014 another demanding year at CHOICE. That said there are some glimmers of hope. As we noted last year, it is now clear that CHOICE can survive on a reduced expense budget without jeopardizing its future. Since the

beginning of the Great Recession in FY08, CHOICE has consistently been able to bring its total expenses in under budget. We expect that trend to continue in FY 2014. And while we do not expect growth in electronic revenues to fully offset the anticipated decline in print revenues in FY 2014, we do expect that electronic revenue growth to continue.

In conclusion, it is important to note that CHOICE possesses no magic bullet that will ensure its continued success in a wholly digital era. It does, however, have a number of strengths. These include the CHOICE brand name, a large potential audience with a continuing need for authoritative assessments of the quality of a steadily burgeoning flow of new scholarly books, print and electronic, a healthy cash reserve, and a commitment to bringing CHOICE's unique content to the attention of a larger audience.

General Assumptions

Basic Budget Assumptions:

1. All ALA and ACRL fiscal policies will be followed in the development of the budget.
2. The mandated reserve (as set by the ACRL Board) for ACRL and *CHOICE* will be maintained.
3. Professional development offerings must be operated on a full cost recovery basis.
4. Nonserial publications must be operated on a full cost recovery basis.
5. Salaries and benefits for division staff will be equal to or less than 45% of the total operating budget and the total.
6. Administrative costs for the Division will be equal to or less than 60% of the total operating budget.
7. New projects that don't generate revenue will be charged to the membership services category.

Revenues:

- Primary sources of revenue will be education (conference, e-learning, institutes, preconferences), publications (including advertising), dues, and donations.
- At least \$25,000 will be budgeted for major gifts pending the decision to keep developing ACRL's Excellence Fund.
- The Colleagues program has been a strong source of revenue for ACRL programs and special activities in past years. Although we expect donations to continue, we expect fundraising to be challenging due to the volatile economic climate predicting a deep recession. Corporations continue to merge or be bought out. Cuts in higher education funding mean that libraries have less to spend with the corporate community. This leads to tightened spending by our corporate sponsors, reducing donations and sponsorships. Staff will budget conservatively for donations related to specific projects. (*Projects 3206, 3800, 3808, 3833, and 3835*)
- Income from the ACRL long-term investments may stabilize although the markets will be affected by the US presidential election. If there is income staff will continue to follow the board's directive to spend the interest on strategic initiatives and will budget approximately \$45,000 in interest (in consultation with ALA Finance staff to ensure that will be the eligible expected earnings) income in the operating budget.
- The move of *C&RL* to an online-only publication in January 2014 will cause a loss of subscription and advertising revenue. This loss will be partially offset by the elimination of printing and mailing expenses. Online ad revenue will help but will not be as great as print ad revenue.

Expenses:

- Travel and communication costs will continue to increase and will be carefully monitored. (*all projects*)
- Two staff positions will be kept vacant. Some funds will be budgeted for interns and temporary help.
- Friends Fund disbursements for FY14 will be budgeted at 15% of the average of the balance in the Friends Funds (excluding the RBMS Scholarship Fund balance) during the past five years in a non-conference year

Assumptions by Strategic Goal

Goals are listed in the order in which they appear in the *ACRL Plan for Excellence*

Value of Academic Libraries

Goal: Academic libraries demonstrate alignment with and impact on institutional outcomes.

Objectives:

1. Leverage existing research to articulate and promote the value of academic and research libraries.
2. Undertake and support new research that builds on the research agenda in *The Value of Academic Libraries: A Comprehensive Review and Report*.
3. Influence national conversations and activities focused on the value of higher education.
4. Develop and deliver responsive professional development programs that build the skills and capacity for leadership and local data-informed and evidence-based advocacy.

- \$15,000 will be budgeted for potential VAL activities. (*Project 3703*)
- ACRL was awarded a second IMLS national leadership demonstration grant of \$249,330 to design, implement and evaluate a professional development program to strengthen the competencies of librarians in campus leadership and data-informed (*Grant funded project: 47-403-xxxx-3707, Cost share project: 12-403-xxxx-3708*)

Student Learning

Goal: Librarians transform student learning, pedagogy, and instructional practices through creative and innovative collaborations.

Objectives:

1. Build librarian capacity to create new learning environments (physical and virtual) and instructional practices.
2. Articulate and advocate for the role of librarians in setting, achieving, and measuring institutional learning outcomes.
3. Increase collaborative programs that leverage partnerships with other organizations in order to support and encourage local and national team approaches.
4. Build capacity for the librarians' role in supporting faculty development and the preparation of graduate students as instructors.

- Funds (estimated at up to \$5,000) will be budgeted for an Immersion faculty curriculum retreat. (*Project 3711 OR 3830*)
- Three to four Immersion Programs will be offered in FY14: Assessment and Intentional Teacher Tracks in fall 2013, and Teacher and Program Tracks in summer 2014. (*Projects 3830 and 3836*). Depending on Immersion faculty capacity, one or two of the new Immersion Programs (Teaching with Technology and Practical Management) will be offered as well in FY14. There is also the potential to license the Immersion Program to an institution for an institution-specific Immersion program. All Immersion programs will be offered on a cost-recovery basis.

Research and Scholarly Environment

Goal: Librarians accelerate the transition to a more open system of scholarship.

Objectives:

1. Model new dissemination practices.
2. Enhance members' ability to address issues related to digital scholarship and data management.

3. Influence scholarly publishing policies and practices toward a more open system.
4. Create and promote new structures that reward and value open scholarship.

- Continue offering Scholarly Communication workshops as a road show on a partial cost-recovery model. Delivery to 5 locations, means an estimated direct cost of \$18,750 (hotel, travel, per diem, honorarium). Continue partial subsidy and require each of the 5 selected hosts to remit \$2,000, thus generating \$10,000 in revenue. *(Project 3702)*
- \$10,000 will be budgeted for scholarly communication activities in consultation with the chair of the Scholarly Communications Committee. *(Project 3702)*
- An additional \$25,600 is budgeted to pay the following :
 - \$10,000 for Library Copyright Alliance (\$10,000 shown in Govt. Relations Project 3704)
 - \$5,600 for SPARC;
 - \$5,000 for Open Access Working Group;
 - \$1,000 for SPARC IR conference sponsorship;
 - \$1,000 for Public Knowledge Project conference sponsorship;
 - \$3,000 for ACRL-SPARC Forum AV
(Project 3702)

Assumptions by enabling programs and services

The following budget assumptions are presented by enabling program and service area so that we continue to think of resource allocation aligned with the strategic plan.

Member Engagement

Membership Services

Revenue:

- Membership revenues will be budgeted using the FY12 actual. The FY13 revenue was projected based on the August 2011 membership of 12,500 (374 members more than 12,126 at the close of August 2010). FY14 will be a non-conference year for ACRL. Our membership typically decreases 0.81% on average in a non-conference year, but in FY12 membership decreased by 5.14% and in FY10, a recent non-conference year, ACRL lost 0.03%. In light of the continuing recessionary environment (which is expected to persist through 2014), we recommend budgeting for a 4.5% decrease over FY13 (projected to be 11,598). FY13 is projected to increase 4.7% over FY12 level. Also, ACRL may increase dues slightly in FY14 (if the Board implements an increase based on a possible change to the HEPI index) and this could impact retention. Staff will continue to adjust this recommendation based on the monthly membership reports. Anticipate \$15,000 in online ad revenue. *(Project 3200)*

Expenses:

- Membership benefits and support for member services will be budgeted following FY12 actual. *(Project 3200)*
- ACRL will continue to budget \$1,000 to sponsor an ALA Emerging Leader. *(Project 3200)*
- ACRL will budget \$5,000 to print *C&RL News* wraps welcoming new, reinstated, and renewing members and encouraging lapsing members to renew. *(Project 3200)*
- \$15,000 will be budgeted for 75th anniversary commemoration projects. *(Project 3200)*
- \$10,000 will be budgeted for contract staff to assist with Web site development as needed. *(Project 3200)*
- Funds will be budgeted to support refreshments at the ACRL 101 sessions at ALA Annual Conference
- Funds will be budgeted to support refreshments at the ACRL Leadership Council networking sessions at ALA Midwinter and Annual Conference. *(Projects 3200, 3201, and 3250)*

Board and Executive Committee

- Funds will be budgeted to support a suite for the ACRL President at MW and Annual Conference—typically

<p>about \$250/night/5 nights. (<i>Project 3201</i>)</p> <ul style="list-style-type: none"> Funds (estimated: \$30,000) will be budgeted for a FY13 Board Strategic Planning and Orientation Session with Chicago as the location. Based on Board feedback funds will be budgeted to include senior staff participation in the Strategic Planning Session as well as chairs/possibly vice-chairs of goal area committees. (<i>Project 3201</i>)
<p>Advisory services and consulting</p> <ul style="list-style-type: none"> Some funds may be budgeted for print promotion of the ACRL Consulting Services (<i>Project 3203</i>) To start the budget gross revenues of \$30,000 will be budgeted in FY14. This number will be adjusted based on actual experience in FY13.
<p>Discussion Groups</p> <ul style="list-style-type: none"> No funds beyond staff support will be budgeted as discussion groups do not receive a base funding allocation.
<p>Awards</p> <ul style="list-style-type: none"> ACRL will not budget for ads congratulating the Excellence Award winners in the <i>Chronicle of Higher Education</i> as print ads were quite expensive and the <i>Chronicle</i> is more likely read online.
<p>Chapters</p> <ul style="list-style-type: none"> Per member allocations to ACRL Chapters will be funded at \$1.00 per ACRL member residing in the state or region but budgeted based on historic usage of these funds which is below the maximum funding allowed. As ACRL looks to reduce expenses this area of expense reimbursement merits examination. Less than half of the chapters avail themselves of this funding. (<i>Project 3207</i>) Because no chapter has ever requested funds under this program since its inception, no funds will be allocated in the FY13 budget to implement the Board's policy to give \$10 to chapters for each new member of ACRL in the chapter's geographic region who joined in 2012-2013 after chapters document membership campaign activities focused on recruiting to ACRL national. If a chapter did undertake this activity, ACRL could fund this from the net asset balance. Funds will be budgeted to support the ACRL Chapter Speakers Bureau program, which funds six visits to ACRL chapters by ACRL officers. As a way to demonstrate increased support for Chapters suggest increasing this to 10 visits per year. (<i>Project 3207</i>)
<p>Committees</p> <ul style="list-style-type: none"> Committees are allowed up to \$150 each. Based on historical requests, \$500 will be budgeted.
<p>Sections and Interest Groups</p> <ul style="list-style-type: none"> Section affiliations are not expected to increase over FY12 (21,099). In FY12, sections spent \$1.02 per member (or \$21,638 which is 67% of the FY12 Basic Services allocation of \$32,241). Basic services support for sections will be budgeted at the FY12 level which is an increase 54% over the level first budgeted in FY04, which is 50% more than the 1997 levels that are the benchmark levels due to the change in policy on how section basic services funding is determined. This may change as the Board will assess the success and impact of the program and use of funds allocated during FY13. (<i>Project 3275</i>)
<p>Liaisons to Higher Education Organizations</p> <ul style="list-style-type: none"> See Advocacy section.
<p>Special Events</p> <ul style="list-style-type: none"> In recent years, the number of ACRL section and interest group special events at conferences has averaged 16 per year. That average is expected to hold steady through 2014.
<p>Government Relations</p> <ul style="list-style-type: none"> See Advocacy section.

Scholarships
<p>Funds for scholarships shall be budgeted as follows:</p> <ul style="list-style-type: none"> ▪ Immersion Programs @ \$12,000 ▪ 2014 RBMS Preconference scholarships @ \$12,500 (based on FY13 profit share) ▪ E-learning scholarships @ \$800 ▪ Miscellaneous @ \$3,000
Annual Conference Programs
<ul style="list-style-type: none"> • Financial support for ACRL's ALA Annual Conference programs will continue at \$20,000 (per Board Action, June 2004). (<i>Project 3835</i>) • Funds will not be budgeted for a highlights program booklet to be distributed at the President's program, but funds will be budgeted for a front and back flyer that also includes the award winners for the ACRL President's Program. (<i>Project 3835</i>)

Publications

Non-periodical publications
<p>Revenues:</p> <ul style="list-style-type: none"> • ACRL will realize publication revenues of 3% over FY12 actuals through a diversity of formats for titles and broader distribution of titles including to the international market. Final figure used will be informed by most recent FY12 sales data available. (<i>Project 3400</i>) <p>Expenses:</p> <ul style="list-style-type: none"> • In FY14, ACRL will budget to reduce non-serial publication inventory by approximately \$2,000. (<i>Project 3400</i>)

Library Statistics

<ul style="list-style-type: none"> • We will budget to continue the <i>ACRL Academic Library Trends & Statistics</i>. Funds will be budgeted to cover licensing costs for use of the ARL survey and ARL data. (<i>Project 3202</i>)
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Standards and guidelines

<ul style="list-style-type: none"> • A small amount of revenue from sales of bundles of the <i>Standards for Libraries in Higher Education</i> – approx. \$1,500 will be budgeted. (60 packages of 25 @ \$25 each) • The ACRL Board of Directors established the ACRL Information Literacy Competency Standards for Higher Education Task Force (based on the findings of the Information Literacy Competency Standards for Higher Education Review Task Force) to revise the <i>Information Literacy Competency Standards</i>. When the standards are revised, revenue from the distribution of these standards will likely increase when the new standard is approved. We will budget a small portion of revenue for this in FY14, but this will be dependent on the
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C&RL

<p>Revenue:</p> <ul style="list-style-type: none"> • For FY14 C&RL will lose subscription revenue from the move to an electronic-only publication (\$83,000). • C&RL ad revenue will come only from online advertising, significantly less than what we have previously earned through prints sales (\$7,500 vs. \$58,000). However, more options through mobile presence of C&RL will boost ads slightly. (<i>Project 3300</i>) <p>Expenses ACRL:</p> <ul style="list-style-type: none"> • Funds will be budgeted for the ongoing costs of hosting C&RL at HighWire along with additional funds for enhancements to the online presence. (<i>Project 3300</i>) • C&RL will cease print distribution, thus saving enough funds to nearly balance the bottom line (\$51,000 printing, \$6,000 mail service, \$38,000 postage, \$2,000 prepress, \$8,000 subscription processing.) (\$133,500 loss of revenue vs. \$105,000 savings)
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C&RL News

Revenue:

- Subscriptions: The number of subscribers and amount of revenue should decrease at the same rate as past years. Subscription price increases could be used to offset smaller number of subscribers.
- Product ads: Print product ad revenue should stay at, or slightly below, FY13 levels, with a slight increase in online product advertising revenues anticipated.
- Classified ad revenues will be budgeted near FY12 actual and FY13 budgeted levels (\$275,323 and \$277,200, respectively). Although classified ad revenue recovered significantly in FY11 and FY12, growing 23% and 16% in those years, results during the summer and fall of 2012 have been mixed and trends are unclear at this time. Academic libraries are again actively hiring, by and large, after contracting and freezing their workforces in FY09 and FY10, but public libraries seem likely to struggle for some time and entry-level positions continue to be tough to come by in all types of libraries. Overall classified ad revenues are unlikely to return to historic levels (near \$400,000) due to ongoing changes in online recruitment options and strategies, but online ad revenue seems likely to continue increasing slowly for some time to come as retirements increase and public sector budgets and housing markets finally stabilize. With *C&RL News* print job ad revenues having fallen to nearly insignificant levels (budgeted at just \$13,200 for FY12, less than 5% of total class ad revenues), there is little damage left to be done as they fade out. Online ad revenues and expenses are split with *American Libraries* 50/50 through operation of the ALA JobLIST online career center. (*Project 3202*)

Expenses:

- Some funds will be budgeted to support marketing initiatives of the online career center, ALA JobLIST, including the *ALA JobLIST Direct* e-newsletter. (*Project 3202*)
- \$14,000 will be budgeted to pay for the ALA JobLIST Placement Center at ALA MW and AC.
- Staff will be working with counterparts in *American Libraries* to include some amount of capital expenses (to be depreciated over 5 years) for maintenance and improvements to ALA JobLIST, initially proposed at about \$20,000 (\$10,000 for ACRL's share) for FY14.
- *C&RL News* page counts will remain at FY09-13 levels, pending revenues and expenses.
- Slight increases in printing, postage, and online hosting charges are anticipated.
- Funds will be budgeted for the ongoing costs of hosting *C&RL News* at HighWire along with possible additional funds for enhancements to the online presence.

RBM

Revenue:

- For FY14 we expect a minimal drop in subscriptions.
- Product advertising in RBM will remain constant. We will increase ad rates as we usually do to cover costs.

Expenses:

- Funds will be budgeted for the ongoing costs of hosting RBM on HighWire along with possible additional funds for enhancements to the online presence. (*Project 3303*)

CHOICE

Revenues:

- CHOICE total revenues will be approximately \$3,118,550, which is \$112,798 (3.8%) more than projected for FY12 as of 3rd close, but \$39,207 (1.3%) less than FY13 budget. Increasing licensing, online ad sales, online subscriptions, and RCL revenues will be offset by continuing declines in print subscriptions and ad sales.
- Total subscription revenues will be approximately \$1,443,150, of which \$759,740 (52.6%) will be from electronic subscriptions.
- Print subscriptions will be \$683,410, which is \$120,617 (15.0%) less than FY13 budget and \$151,965 (18.2%) less than FY12 3rd close.
- Print advertising revenues will be approximately \$492,800, which is \$12,717 (2.6%) less than FY13 budget and \$52,356 (9.6%) less than FY12 3rd close. Online advertising revenues will increase to \$152,300, which is \$30,390 (20.0%) more than FY13 budget and \$65,152 (74.8%) more than FY12 3rd close.

- Choice licensing revenues will increase to approximately \$627,800, which is \$10,190 (1.6%) more than FY13 budget and \$56,985 (10.0%) more than FY12 3rd close. The primary source of growth will be a combination of new licensing initiatives, particularly with e-book vendors and aggregators, and completion of the restructuring of licensing agreements that are up for renewal. The lion's share of the actual negotiation work will be handled by CHOICE's new licensing representative.
- *Resources for College Libraries* revenues will be approximately \$360,900, which is \$11,975 (3.3%) less than FY13 budget but \$42,004 (13.2%) more than FY12 3rd close.
- CHOICE net revenues will be approximately (\$110,676), which is \$4,571 (4.1%) more than FY13 budget but \$100,802 less than FY12 3rd close projections.
- FY14 will be the first full year of operation for *Choice Reviews Online* 3.0 (CRO3), which will (finally) be launched by HighWire Press late in calendar 2012 (FY13).
- During FY14, CHOICE will endeavor to fine tune and expand its partnerships with scholarly associations based on the outcome of the FY11-12 pilot project with the American Historical Association (AHA).
- CHOICE will also begin development work in FY14 on one or more derivative versions of CRO3 following launch of the basic library product in late 2012, and will continue its development work on RCL in collaboration with Bowker.

Expenses:

- CHOICE total expenses will be approximately \$3,229,226, which is \$213,600 (7.1%) more than FY12 3rd close projections, but \$43,778 (1.4%) less than FY13 budget.
- Payroll and related expenses will be approximately \$1,303,619, which is \$66,918 (5.4%) more than FY12 3rd close projections.
- Outside services expenses will be \$445,501 or \$70,906 (13.7%) less than FY12 3rd close projections. These expenses included several staff who now work on a contract basis, two student interns, and several outside contractors, whose areas of responsibility include licensing, social media, and support for *Choice Reviews Online* 3.0, and Publishers Choice Online, the CHOICE "browse the book" program. The reduction vs. FY12 reflects completion of the intensive pre-launch data formatting expenses associated with CRO3 and completion of the vendor selection phase of PubSys2 during which CHOICE utilized an outside consultant.
- Publication related expenses will be approximately \$488,700, which is \$36,480 (7.5%) more than FY13 budget and \$34,031 (7.5%) more than FY12 3rd close, reflecting continue increases in online publishing expenses.
- Operating expenses will be approximately \$400,000, which is \$48,486 (12.1%) more than FY13 budget and \$100,237 (33.4%) more than FY12 3rd close. The proposed FY14 operating expense budget does not, alas, include provision for a transfer of funds to ACRL.
- The FY14 Liberty Square expense allocation will be approximately \$85,000, which is \$10,429 (12.3%) more than FY13 budget and approximately \$4,191 (5.2%) more than FY12 3rd close. Although the FY14 figure reflects increased maintenance expenses, Liberty Square expenses are expected to remain quite manageable and lower than originally anticipated, primarily due to today's low interest rates.
- CHOICE's FY14 capital expense budget will include the first full year of depreciation expenses for CRO3 and for the first phase of the PubSys2 project, both scheduled for completion in FY13, along with monies for completion of the PubSys2 project and continuing development expenses for CRO3. Total out of pocket expenses for these two major but essential projects, CRO3 and PubSys2, are likely to be in the range of \$650,000 to \$750,000. These expenses will be depreciated over a 6-year period beginning in FY13 (10% in FY13, 20% annually through FY17, and 10% in FY18). In addition, ongoing CRO3 development expenses will almost surely average not less than \$100,000 annually. While capital expenses of this magnitude will inevitably have a significant impact on the CHOICE budget, that impact will be partially offset by completion of the amortization of the \$450,000 capital expense for new furniture, equipment, and fixtures associated with the Liberty Square project, which will occur in FY14. Moreover, the combined capital costs for CRO3 and PubSys2 are only slightly more than the capitalized costs for CRO2 launched in 2006-2007, which CHOICE managed successfully. Electronic publishing, of course, is free.

Education
<p>ACRL 2015 Conference</p> <p>FY14 is a non-conference year for ACRL, which typically means that it is a “spend down” year as we expend funds to prepare for the ACRL 2015 conference without revenues to offset these expenses. All revenues pertaining to ACRL 2015 will be recognized in April 2015 after the conference is held.</p>
<p>Preconferences and workshops</p> <p>Revenues:</p> <ul style="list-style-type: none"> Revenues generated from registration fees will cover the costs for Annual preconferences and institutes, as these events are budgeted to at least break even. We will budget attendance conservatively to minimize the possibility of having to cancel any events due to low registration numbers. (<i>Projects 3700 and 3811</i>). The RBMS 55th Annual Preconference will be held in FY2014. Revenues and expenses for this program will be set to break even. (<i>Project 3800</i>) <p>Expenses:</p> <ul style="list-style-type: none"> Sections sponsoring preconferences (e.g., RBMS) in FY2014 may participate in the program to share net revenue with ACRL, which is spent from the fund balance in FY15. (<i>Project 3275 and 3838</i>)
<p>Online learning</p> <p>Revenues:</p> <ul style="list-style-type: none"> E-learning webcasts and courses will be developed and offered in FY14. While we project the number of course offerings to stay the same or increase to meet demand for online learning, we anticipate total revenues will be flat or slightly increasing from FY12 actuals. (<i>Project 3340</i>) ACRL will continue to offer group registration rates for e-Learning webcasts, as well as the “frequent learner program”, and special pricing for webcast series. (<i>Project 3340</i>) <p>Expenses:</p> <ul style="list-style-type: none"> Funds will be budgeted to support one free online Springboard Event for ACRL members at approximately \$5,000. (<i>Project 3200</i>) –

Advocacy
<p>Strengthening partnerships with other organizations</p> <ul style="list-style-type: none"> \$20,000 will be budgeted to support the work of ACRL’s Liaison Coordinating Committee through its Grants Committee. Note: In FY13 the transition from the former Council of Liaisons funding structure was completed. (<i>Project 3501</i>) ACRL will continue organizational support Project COUNTER, CHEMA, EDUCAUSE, American Council of Learned Societies and CNI. (<i>Project 3501</i>) Modest funding to support additional visits (as opportunities arise) to higher education organization conferences and meetings and those of information –related organizations will be included in the budget. (<i>Project 3501</i>)
<p>Communication on major issues and trends in libraries and Higher Education</p> <ul style="list-style-type: none"> Continue membership in Library Copyright Alliance at direct cost of \$20,000 plus staff time, travel. (<i>Projects 3702 and 3704</i>) Funds will be budgeted to support ACRL’s advocacy efforts to influence legislative and public policy. (<i>Project 3704</i>) Funds will NOT be budgeted to support a free luncheon during the ALA Legislative Day in Washington. (<i>Project 3704</i>) The costs for a Spring Executive committee meeting will be budgeted to cover the costs of a Washington, D.C. meeting should the leadership wish to model participation in ALA’s Legislative Day. Approximately \$7,500 will

be budgeted. (*Project 3201*)

- A small amount of money, \$1,000, will be budgeted to provide travel grants to academic librarians who wish to attend National Library Legislative Day in Washington, D.C. and have not done so previously (*Project 3704*)

Operations

Operational activities relevant to the quality of ACRL's strategic and enabling programs and services are reported below.

Staff and office

Expenses—ACRL:

- \$30,000 will be budgeted for student intern support. (*Project 0000*)
- \$10,000 will be budgeted for contract help for professional development projects. (*Project 0000*)
- \$10,000 will be budgeted for contract services as needed. (*Project 0000*)
- Staffing costs for existing staff will be budgeted as directed by ALA Finance. We will begin the draft budget include funding for current filled positions and two vacant positions, supplementing that with funds budgeted for contract staff and interns. At this time we plan to leave two positions vacant to reduce expenses. (*Project 0000*)
- A small amount of money will be budgeted for replacement printers and furniture as needed. (*Project 0000*)
- Personnel allocations for salaries, benefits, and other related costs and office services, such as postage, copying, telephone, etc, will continue to be charged to the various programs as a percentage of the time spent on the programs. (*Project 0000*)

Expenses—CHOICE:

- Choice will budget salary and benefits for all positions according to the directives of the ALA Finance.
- As of this writing it is unclear when CHOICE will be able to resume transferring monies to ACRL for organizational support; the best current guess would be FY15 or later.

ALA Relationship

- If permitted by ALA, ACRL will consider resuming transfers to its Long-Term Investment. ACRL must give a two-year notification to BARC regarding transfers of \$50,000 or more but it is always free to not make the transfer should the funds be needed.

Expenses---ACRL:

- ACRL's general overhead payment to ALA will be budgeted at FY12 levels as policy requires, currently estimated at about \$189,199 (FY12 second close actual).

Expenses---Choice:

- CHOICE's general overhead payment to ALA will be approximately \$421,001 in FY14.