**TO:** PLA Board of Directors

**RE:** FY21 PLA Budget

**DATE:** September 2, 2020

**ACTION REQUESTED/INFORMATION/REPORT:**

Action Requested

**ACTION REQUESTED BY:**

Clara Bohrer, Mary Hirsh

**DRAFT OF MOTION:**

The PLA Board of Directors hereby approves the PLA FY21 budget as presented.

At its August 24, 2020 meeting, the PLA Budget and Finance Committee reviewed and approved the PLA Fiscal Year 2021 (FY21) budget as submitted. Details on the budget are below and included in the accompanying spreadsheet. The PLA Board of Directors is asked to review and approve the budget during its September 2020 meeting.

**PLA FY21 Budget as of August 5, 2020**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **FY21 Budget – Admin** | **FY21 Budget - Grants** | **FY21 Budget - Total** |
| **Total Revenues** | $771,600 | $1,234,044 | $2,005,644 |
| **Total Expenses** | $1,280,549 | $1,132,016 | $2,412,565 |
| **Overhead and Tax** | $54,998 | $102,028 | $157,026 |
|  |  |  |  |
| **Net Revenue (Expense)** | ($563,947) | $0 | ($563,947) |

**Changes During Budget Revision Processes**

The first draft of the PLA FY21 budget was created in March 2020, due soon after the PLA 2020 Conference. In that budget, PLA’s general fund had revenue of $936,600 and expenses of $1,655,235 for a net loss of $718,635. A net loss is anticipated during nonconference years. However, the budgeted FY21 net loss was in the first draft was over $300,000 higher than the previous two non-conference years. This was primarily due to increased staff and benefit costs (~$60,000 higher than FY19) and assumption of Inclusive Internship Initiative costs in the spring of 2021, on the assumption that IMLS funding would end after 2020 and PLA would have to support the project if other funding was not found (~$120,000). The grant projects had revenue and expenses of $1,242,610 (ALA requires grant projects to net zero in a fiscal year, regardless of the grant timing).

The budget was opened up for revision two times, in May and August. During those revision cycles, the following changes were made:

* ALA finance staff reduced salary and benefit costs in both Administration (0000) and the Gates Legacy project (3175) (about half of PLA staff are budgeted in each) due to staff furloughs. These were reduced approximately 10-12%. In addition, new and vacant positions which were included in the March 2020 draft were eliminated due to the hiring freeze, further reducing PLA’s salary and benefit costs in FY21.
* Dues projections (3000) were reduced by 30% per ALA’s suggestion, anticipating a drop in membership due to the COVID-19 crisis impact on the economy.
* The decision to pilot electronic versions of Public Libraries magazine (3030) eliminated about $28,000 in expenses.
* The 2020 Inclusive Internship Initiative (III) (3184/3185), funded by IMLS, was postponed to 2021. As background, since 2017, IMLS grant funds have supported the first (early summer) convening of the III cohorts, and PLA cost share funds have supported the second (fall) convening. As a result of postponing the 2020 grant to 2021, the cost share (PLA funds) expected to be spent in the fall of 2020 was eliminated. IMLS grant revenue of $281,000 was budgeted for the spring of 2021, and the $120,000 in PLA funds that were budgeted for the first convening of 2021 was deleted (as noted above, before the postponement, 2021 was the first year PLA expected to carry without IMLS funding).

The resulting draft reduces PLA’s net loss in the general fund to $563,947. Grant revenue and expenses remained similar at $1,234,044, with the reduction in Legacy spending due to furloughs and elimination of open positions balanced by the addition of III spending.

**Anticipated FY21 Variances**

Although the budget was developed based on best estimates and ALA guidance, the PLA Board and Budget and Finance Committee should be prepared to see more significant variances in FY21 than usual.

*General Fund*

Plans for FY21 professional development events, many of which would be in person, are tentative due to the uncertainty that the COVID-19 crisis has created. PLA’s first draft of the budget, before the crisis, included these activities, and we did not make revisions during subsequent cycles. These include the budgets for Regional CE (3007), Annual Conference Preconferences (3026), Family Engagement (3072), Equity, Diversity and Inclusion (3073), and Project Outcome Regional Training (3073). These planned events and professional development activities remain budgeted. PLA may or may not incur revenue or expenses in those projects, depending on what happens with the COVID-19 crisis. Given that most projects were budgeted to break even or make small profits, the overall impact on PLA’s bottom line will not be significant, regardless of what happens. A summary of these projects as budgeted is below to show the potential impact to PLA and to ALA (overhead) if they do not occur as budgeted. Total overhead to ALA is budgeted at $40,182, and total net budgeted for PLA is $47,465.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **FY21 Revenue** | **FY21 Expenses** | **FY21 Overhead** | **FY21 Net** |
| Regional CE | $40,000  | $29,900  | $10,600  | ($500) |
| AC Preconferences | $18,000  | $7,350  | $6,792  | $3,858  |
| Family Engagement | $36,000  | $12,425  | $9,540  | $14,035  |
| EDISJ | $110,000  | $71,078  | $13,250  | $25,672  |
| PORT | $7,000  | $2,600  | $0  | $4,400  |
| **TOTALS** | **$211,000**  | **$123,353**  | **$40,182**  | **$47,465**  |

Otherwise, the COVID-19 crisis will also impact librarians’ finances, so PLA might anticipate variances in Service to Members (3000) related to dues, and in the projects that include publication and paid webinar revenue. These are already budgeted conservatively, so variances should not be significant.

*Grants*

During the final budget revision, PLA was advised not to budget for new grant funds that had been confirmed over the summer. PLA sent Finance staff funding and overhead amounts for these new grants and was told if the overhead flowing to the general fund was “minimal,” we should “leave them unbudgeted at this late stage.” So the following are NOT included in the FY21 budget but will have revenue, expenses and overhead.

* IMLS Family Engagement Grant: PLA received a $99,949 award, which aligns with the ALA fiscal year (September 1, 2020 to August 31, 2021). This is a new project.
* RWJF/CC Insurance Outreach: PLA’s insurance outreach project was renewed, and a new project to focus on Medicaid was added, for a total of $257,824 in funding. These projects will run July 2020 to June 2021.
* Microsoft: PLA will receive at least an additional $100,000 in grant funds in September 2020 from Microsoft. That grant has not been budgeted, nor has the remaining spend down of the $500,000 received in FY19 and FY20, because PLA is unable to project remaining spending without ALA’s monthly reports.

These new grants total about $450,000 in spending, which is not in the budget. Overhead to ALA across the above new grant projects will total $40-50,000, which is also not budgeted.

Furthermore, because FY20 data is only available through February 2020, status of spending on the Gates GenOps (3177) and AfLIA (3176) grants is unknown. PLA’s intent was to spend down and close out both projects in FY20. However, either projects may have balances due to slower spending and open positions, which could be spent down in FY21.