TO: PLA Budget & Finance Committee

FROM: Barb Macikas, Executive Director

RE: FY 2020 Budget Assumptions and Process

DATE: January 7, 2019

Below are considerations for the first draft of the FY2020 (September 1, 2019-August 31, 2020) PLA budget.

1. The budget will reflect the strategic plan.
2. PLA will start FY20 with a fund balance of $3.1M, assuming FY19 budget hits targets.
3. FY2020 is a PLA conference year. The FY2020 budget will be based on actuals from previous conferences, with adjustments made for inflation, increased ALA overhead, conference site-specific costs, and adjustments for growing/launching new programs. As always, there will be an emphasis on sustainability of programs. Planning is already underway by staff, board, and the conference and conference program committees to find new and better ways to attract and engage public library staff at the conference.
4. Membership dues. We’ll budget dues based on the latest FY19 numbers and on trend data, with the minimum budget based on actual FY18 dues--$597K. New membership marketing and efforts to retain “conference” memberships are underway. We continue to be challenged by technology issues associated with ALA Connect. ALA is continuing to review and work with divisions to improve so that the site is user-friendly, consistent across the association, and spurs member engagement. There have also been some recruitment ideas we have not implemented due to limitations of the ALA database and inability to automate them.
5. ALA structure. ALA has begun its re-organization review process. As of this writing, there have been no details about proposed new structural models so the implications are unclear. It is anticipated that there will be significant financial and structural implications for PLA and ALA divisions.
6. ALA finances. ALA’s FY19, FY20, and FY21 budgets are/are planned to be “investment” budgets whereby the association dedicates significant funding ($9M+ over 3 years) to IT, advocacy, and development. It is anticipated that the investment, along with the proposed sale of the ALA HQ building, will produce revenue opportunities that will recover investment costs over time. ALA is increasingly seeking financial support (termed “co-funding”) from divisions, particularly those with strong fund balances like PLA.
7. Professional development. PLA will use our new professional development theory of change to build existing and create new professional development opportunities, with an emphasis on financial sustainability and linkages to our strategic goals. PLA will continue to offer Project Outcome Regional Training opportunities, which have been financially and programmatically successful as well as the leadership academy, new EDI training, and more.
8. Webinars. Strong competition within and outside ALA for public library professional development dollars will continue. ALA Publishing, *Library Journal* and OCLC/WebJunction, among others, host low or no-cost webinars, which make generating revenue via fee-based webinars on most topics difficult. In most cases, PLA has, and will continue to link free PLA webinars as a perk of membership to increase the value of membership. A recent consultant report on ALA membership indicated that free webinars linked to membership are of value to members.
9. Advertising revenue and sponsorships continue to be challenging. We will continue to seek out new sponsors and advertisers and to provide them with new options to get their brands in front of public library staff.
10. Grant funding and partnerships will be sought where appropriate and aligned with association strategic goals.
11. PLA development efforts will continue to be an area of focus and the PLA 75th anniversary will be an opportunity to ramp up fundraising, as will the PLA 2020 conference.
12. ALA has asked that we budget a 2% raise into the FY20 budget though as in the current year, it is not a full year’s raise; rather the raise would be effective Jan. 1, 2020. Since ALA FY is Sept.-Aug., the first 4 months of the fiscal year would not include the raise. As a result, PLA staff costs will increase by 1.32% while benefits (health care costs) are anticipated to increase. About half of PLA staff salaries are grant supported.
13. PLA will continue to maintain a fund balance toward an ALA recommended goal of a minimum of 25% of average operating funds available, which is $750,000.
14. The PLA B&F Committee and the Board will want to consider its recommendation to the PLA Board on where to earmark the LTI interest. In previous years it has been allocated to leadership development, performance measurement, digital literacy and EDI. The estimated amount of the interest should be in the $35,000-$55,000 range. A final recommendation will not be required till June 2019.

## FY20 Budget Estimate (excluding grants)

As noted earlier, FY20 is a PLA conference year and the conference is our primary revenue generator. After Midwinter we will prepare a more detailed FY20 budget. Based on actuals from past years, at this point we estimate net revenues of $800K-$1M, assuming no new major initiatives are launched.

ALA has not opened the budgeting software template, which will happen after Midwinter. Following Midwinter, the budget will be more completely developed and estimates will shift.

## Grants

Not including modest sponsorships and small grants, PLA began FY19 actively managing 5 private grant projects and 1 government contract, with total budgeted FY19 expenditures of $2.3 million. For FY20, we will be continuing and budgeting for the two largest grants (Gates Foundation legacy and general operating grants). We will also be closing out multiple calendar-year projects during the four months of FY20. These include the IMLS-funded Inclusive Internship Initiative and new projects with Google ($60,000 total funding) and Microsoft Philanthropies (total funding TBD, at least $400,000). Our FY20 grants budget will be based on the Gates Foundation grants, remaining funds in these calendar year projects, and any new grants received during the FY20 budgeting process. The budgeting system does give PLA the ability to budget for grants which are not confirmed, however PLA has only used this feature when a new grant is close to execution and has not used it to set goals/targets.

## ALA Budgeting Process and Timeline

The budget will be reviewed internally by ALA senior management in March and by ALA BARC in April. PLA Budget & Finance Chair Clara Bohrer will attend the ALA BARC meeting and report back to PLA. The PLA Budget & Finance Committee and the PLA Board will receive the revised budget in May and PLA Budget & Finance will have time to review the budget then, ahead of the June meeting where it must be approved by the PLA Board.