

TO: PLA Board of Directors
RE: PLA Legacy Grant Sustainability Strategy
DATE: March 14, 2023

ACTION REQUESTED/INFORMATION/REPORT: Information, Action
ACTION REQUESTED BY: Mary Davis Fournier, PLA Executive Director
DRAFT MOTION: The PLA Board adopts the PLA Budget and Finance Committee recommendation to reduce Legacy spending to \$521,000 in FY25.

As discussed at the November 2023 PLA Board Meeting (document 2024.8), PLA staff is exploring a path to reduce annual expenditures of Legacy grant funds in order to extend the life of the grant principal and interest. The PLA fiscal officer, Clara Bohrer, and the PLA Budget and Finance committee are advising on this process. The Budget and Finance committee met and discussed it on March 6, 2024 and support the strategy outlined below.

In advance of additional and decision-making at its June board meeting, PLA brings forth the following scenarios and strategies for discussion.

Scenarios and Horizon

Since the Gates grant awards in 2016-17 totaling \$13.7M, PLA has spent approximately \$1M/year, with more invested in the early years of the grant. Due to anticipated Operating Agreement (OA) changes, general financial uncertainty with the overall ALA budget, and shifting needs, PLA continues to monitor and decrease spending where possible, thus saving grant principal and interest for the future.

In FY23, Legacy was budgeted at \$995,375. Actual was \$819,994, 18% under budget. The reduction was possible by moving some staff costs to new, related grants. FY24 is budgeted at \$859K.

Per ALA Finance's analysis, **Legacy has investable assets of \$4.9M as of December 2023.** Scenarios that carry forward various annual budgets, with resulting calculations of grant life span:

- \$250K spent annually provides a 22 year life span.
- \$500 spent annually provides a 12 year life span
- \$750K spent annually provides a 9 year life span

There is no stated end date for the grant, allowing PLA flexibility in how it structures spending in support of PLA sustainability and programmatic priorities.

PLA proposes a Legacy budget of \$521K for FY25, with the goal of maintaining this \$500K level (reducing when possible) for at least the next two years. This will provide at least 12 years of continued funding that will allow PLA to address the most critical needs of public libraries.

The recommendation to spend at the “middle” \$500K level allows us to prioritize staff retention and recalibrate Legacy goals and programs, recognizing how vastly needs have changed since the original grant was awarded. Budgeting Legacy at this level will help PLA transition to the new OA financial impact and will give PLA a much-needed opportunity to continue to invest in high value programs over time. No staff positions will be eliminated in FY25 under the proposed budget.

FY25 Proposed Budget = \$521K (proportionate cuts), representing a 40% reduction from FY24 broken down:

- Salary/benefits=\$347K
- Tech, consultants, marketing=\$99K
- Overhead=\$54K

Strategies

In considering this reduction, PLA’s main priorities are retaining staff and support for highest impact programs.

Currently, 7.2 PLA staff are funded by Legacy, including some portions of deputy and executive director salaries. The remainder of the Legacy budget goes to supporting technology and consultants. Currently, the majority (69.5%) of the FY24 Legacy budget is salary and benefits for staff who administer primary grant projects Benchmark and Project Outcome, as well as for advocacy and communication work.

The position of Larra Clark, Deputy Director, Policy is funded in the Legacy budget. Clark’s position is shared 50-50 with the ALA Public Policy and Advocacy Office. This arrangement, unique within ALA, is strategically beneficial to PLA and ALA, and we support this expense as a highest priority.

However, in order to achieve the new budget goals, it is likely that major projects will be reduced, paused, or sunset. PLA continues to analyze program impact to determine:

- which programs most benefit PLA and the field, and which will/have the potential to generate income in order to be self-supporting
- which might be transferred to ALA or other organizations

- which expenses could be absorbed by the PLA general operating budget, in spite of limitations ALA is placing on PLA's budget and OA changes
- which expenses might have the potential to be funded through new grants.

Through Legacy funding, PLA supports two major data projects, Project Outcome (\$100K+year) and Benchmark: Library Trends and Metrics (200K+per year).

Project Outcome was launched in 2015 to provide a standardized way for libraries to collect patron outcomes in 8 key program areas. In addition to the surveys, PLA and the Measurement and Evaluation Committee have developed a robust library of training and support materials. The overall intent of the program was to shift public libraries from collecting only outputs like circulation and door counts to collecting outcomes that demonstrate value (learning, confidence). The original goal for Project Outcome was for 3% of public libraries to collect relevant program outcome data by 2017. According to PLA's 2022 national Public Library Services for Strong Communities survey, 30% of public libraries in the US now engage in outcome measurement.

PLA sees opportunity to support the project with less expense, moving away from costly tech contracts to focus on evergreen professional development needs. This move from costly annual platform updates and expansion to CE and digital downloads will reduce annual Legacy spending. This shift would also allow the data team staff to focus on Benchmark. Unlike Project Outcome, Benchmark includes a tiered subscription, designed to become self-sustaining at some point. Additionally, PLA's Benchmark partnership with ACRL makes unwinding a little more complex than Project Outcome. To that end, PLA and ACRL have had preliminary discussions with ALA about organizational-wide support for this project, which broadly benefits libraries.

Next steps

Deeper analysis and review of specific programmatic recommendations will be conducted at the summer meeting of the PLA board. The final FY25 budget and clarity on indirect the indirect cost recovery model for the Operating Agreement will provide additional context for PLA's long term sustainability planning. To move this planning forward, PLA seeks the Board's approval of reducing Legacy annual spending, as recommended and approved by the PLA Budget and Finance Committee.