

ACRL Budget and Finance II

February 10, 2023 | 2:00 PM – 4:00 PM CST

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Agenda

Time	Item (Document number follows topic and presenter)
2:00-2:03 p.m.	1.0 Welcome (Mocnik)
2:03-2:05 p.m.	2.0 Adoption of the Agenda (Mocnik) The committee will adopt the agenda.
2:05-2:35 p.m. <i>Discussion</i>	3.0 Review of 5-year projections (Mocnik/Malone/Hendrick) #6.0, #6.1 The committee will review the 5-year financial projections for ACRL and Choice.
2:35-2:50 p.m. <i>Discussion/Action</i>	4.0 Commitment to Choice (Mocnik/Malone) #7.0 The committee will discuss the recommendation that ACRL commit to Choice for 5 years.
2:50-3:00 p.m.	5.0 New Business (Mocnik) The committee will discuss any new business.
3:00 p.m.	Adjourn (Mocnik)

Choice Income Statement, FY18-FY28P

For complete data, see Backup Worksheet

Projected performance for FY23 and beyond is before any and all RIFs

ALA Fiscal Year: 1 September to 31 August

	HISTORICAL PERFORMANCE					PROJECTED PERFORMANCE					
	FY18	FY19	FY20	FY21	FY22	FY23B	FY24P	FY25P	FY26P	FY27P	FY28P
Beginning Net Assets	2,533,295	2,926,294	2,571,980	2,631,992	3,047,434	3,201,916	3,168,549	3,172,778	3,177,218	3,187,925	3,211,255
TOTAL REVENUES	2,813,284	2,520,864	2,485,765	2,390,901	2,314,050	2,251,395	2,349,328	2,386,177	2,430,736	2,483,372	2,544,516
Total Expenses before OH/Taxes	2,524,186	2,326,429	2,067,141	1,651,683	1,824,631	1,960,952	2,008,313	2,040,068	2,072,457	2,105,495	2,139,193
Contribution Margin	289,098	194,435	418,624	739,218	489,419	290,443	341,015	346,109	358,279	377,877	405,322
Contribution %	10%	8%	17%	31%	21%	13%	15%	15%	15%	15%	16%
Overhead (to ALA General Fund)	371,353	334,014	329,364	298,491	306,612	298,310	311,286	316,168	322,073	329,047	337,148
Allocations (Loan: 575 Main St)	49,746	38,411	29,248	25,285	28,326	25,500	25,500	25,500	25,500	25,500	25,500
Tax	0	0	0	0	0	0	0	0	0	0	0
TOTAL EXPENSES	2,945,285	2,698,854	2,425,753	1,975,459	2,159,569	2,284,762	2,345,099	2,381,736	2,420,030	2,460,042	2,501,842
Net Revenue/(Expense) from Ops	(132,001)	(177,990)	60,012	415,442	154,481	(33,367)	4,229	4,440	10,706	23,330	42,674
NAB Transfer	(525,000)										
Open Choice writedown		176,324									
Net Revenue/(Expense)	392,999	(354,314)	60,012	415,442	154,481	(33,367)	4,229	4,440	10,706	23,330	42,674
Ending Net Assets	2,926,294	2,571,980	2,631,992	3,047,434	3,201,916	3,168,549	3,172,778	3,177,218	3,187,925	3,211,255	3,253,929

Backup Worksheet: Five-Year Projections

		Historical Performance							Projected Performance						Y/Y Change	
		FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23B	FY24P	FY25P	FY26P	FY27P	FY28P	Projections
REVENUE																
Subscriptions																
	Choice Reviews	679,982	652,009	684,248	678,076	651,630	622,735	590,636	578,652	495,144	567,100	555,758	544,643	533,750	523,075	
	Y/Y		0.96	1.05	0.99	0.96	0.96	0.95	0.98	0.86	1.15	0.98	0.98	0.98	0.98	0.98
	Choice magazine	546,882	519,261	445,608	429,171	387,925	413,039	301,761	268,821	232,934	221,000	201,110	183,010	166,539	151,551	
	Y/Y		0.95	0.86	0.96	0.90	1.06	0.73	0.89	0.87	0.95	0.91	0.91	0.91	0.91	0.91
	Reviews on Cards	148,602	141,372	116,186	100,070	92,677	74,101	63,807	55,802	46,963	0	0	0	0	0	
	Y/Y		0.95	0.82	0.86	0.93	0.80	0.86	0.87	0.84	0.00	0.00	0.00	0.00	0.00	0.00
	Resources for College Libraries	195,935	145,365	147,579	138,545	132,798	122,282	114,391	135,395	125,000	140,000	140,000	140,000	140,000	140,000	
	Y/Y		0.74	1.02	0.94	0.96	0.92	0.94	1.18	0.92	1.12	1.00	1.00	1.00	1.00	1.00
	ccAdvisor (Choice share)	0	0	0	32,130	41,100	26,577	14,719	198	0	0	0	0	0	0	
	Total Subscriptions	1,571,401	1,458,007	1,393,621	1,377,992	1,306,130	1,258,734	1,085,314	1,038,868	900,041	928,100	896,868	867,653	840,289	814,626	
	Y/Y		0.93	0.96	0.99	0.95	0.96	0.86	0.96	0.87	1.03	0.97	0.97	0.97	0.97	
Advertising and Sponsorships																
	Choice magazine (space ads)	410,562	413,904	422,745	341,678	258,286	220,610	135,915	117,559	114,600	71,625	71,625	71,625	71,625	71,625	
	Y/Y		1.01	1.02	0.81	0.76	0.85	0.62	0.86	0.97	0.63	1.00	1.00	1.00	1.00	1.00
	Choice Reviews (banner advertising)	174,162	155,198	189,070	177,739	141,368	58,469	43,143	39,311	38,200	38,200	38,200	38,200	38,200	38,200	
	Y/Y		0.89	1.22	0.94	0.80	0.41	0.74	0.91	0.97	1.00	1.00	1.00	1.00	1.00	1.00
	ccAdvisor (banner ads, paid placement)				11,817	12,179	6,418	1,655	2,092	0	0	0	0	0	0	
	Choice360.org	0	0	0	0	0	0	0	58,440	66,850	143,250	157,575	173,333	190,666	209,732	1.10
	Webinars (net to Choice)	77,750	85,327	98,241	102,421	138,882	180,807	266,534	264,556	263,819	271,936	285,533	299,809	314,800	330,540	1.05
0.955	White Papers				37,100	48,395										
	Podcasts				14,372		204,196	330,561	317,328	329,475	353,350	388,685	427,554	470,309	517,340	1.10
	Newsletters & eBlasts	In CR	In CR	In CR	In CR	In CR										
	Total Advertising and Sponsorships (Net)	662,474	654,429	725,476	693,590	599,110	670,500	777,808	799,286	812,944	878,361	941,618	1,010,520	1,085,600	1,167,437	
	Y/Y		0.99	1.11	0.96	0.86	1.12	1.16	1.03	1.02	1.08	1.07	1.07	1.07	1.08	
Royalties																
	Choice	271	1,318	6,189	931	1,370	680	403	639	500	500	500	500	500	500	1.00
	Choice review content	492,013	500,089	561,853	514,160.00	513,321	486,539	465,663	437,676	465,710	470,367	475,071	479,821	484,620	489,466	1.01
	Resources for Collgege Libraries	130,483	119,964	78,500	15,000	7,000	18,000	10,000	0	10,000	10,000	10,000	10,000	10,000	10,000	1.00
	Total Royalties	622,767	621,371	646,542	530,091	521,691	505,219	476,066	438,315	476,210	480,867	485,571	490,321	495,120	499,966	
			1.00	1.04	0.82	0.98	0.97	0.94	0.92	1.09	1.01	1.01	1.01	1.01	1.01	
Miscellaneous Sales																
	Miscellaneous Revenue	86,659	78,064	87,728	93,560	12,158	14,589	12,041	12,260	12,200	12,000	12,120	12,241	12,364	12,487	1.01
		74,089	81,104	87,126	118,051	81,775	36,723	39,672	25,321	50,000	50,000	50,000	50,000	50,000	50,000	1.00
TOTAL REVENUE		3,017,390	2,892,975	2,940,493	2,813,284	2,520,864	2,485,765	2,390,901	2,314,050	2,251,395	2,349,328	2,386,177	2,430,736	2,483,372	2,544,516	
	Y/Y		0.96	1.02	0.96	0.90	0.99	0.96	0.97	0.97	1.04	1.02	1.02	1.02	1.02	
EXPENSES																
	Payroll and Related Expenses	1,388,005	1,380,512	1,586,901	1,618,841	1,665,237	1,508,575	1,153,407	1,335,411	1,464,814	1,587,734	1,619,489	1,651,878	1,684,916	1,718,614	1.02
	Outside Services	411,743	438,545	322,293	187,180	101,658	86,062	116,425	67,311	98,469	80,000	80,000	80,000	80,000	80,000	
	Travel and Related Expenses	48,851	52,412	48,575	38,949	41,543	10,271	219	4,668	8,250	8,250	8,250	8,250	8,250	8,250	
	Meetings and Conferences	11,463	11,752	12,495	13,658	11,771	1,250	0	0	0	0	0	0	0	0	
	Publication-related Expenses	503,325	487,107	308,158	303,821	260,373	274,467	259,216	222,761	277,090	220,000	220,000	220,000	220,000	220,000	
	Operating Expenses	388,720	410,142	394,287	421,091	308,930	244,113	178,321	195,305	141,437	141,437	141,437	141,437	141,437	141,437	
	Total Direct Expenses	2,752,107	2,780,470	2,672,709	2,583,540	2,389,512	2,124,738	1,707,588	1,825,456	1,990,060	2,037,421	2,069,176	2,101,565	2,134,603	2,168,301	1.00
	Total Indirect Expenses	(73,153)	(89,222)	(55,257)	(59,354)	(63,083)	(57,597)	(55,905)	(825)	(29,108)	(29,108)	(29,108)	(29,108)	(29,108)	(29,108)	1.00
	Total Expenses before ALA Overhead	2,678,954	2,691,248	2,617,452	2,524,186	2,326,429	2,067,141	1,651,683	1,824,631	1,960,952	2,008,313	2,040,068	2,072,457	2,105,495	2,139,193	
	Contribution Margin	338,436	201,727	323,041	289,098	194,435	418,624	739,218	489,419	290,443	290,443	346,109	358,279	377,877	405,322	
	ALA Overhead	383,209	374,640	388,206	371,353	334,014	329,364	298,491	306,612	298,310	311,286	316,168	322,073	329,047	337,148	
	Liberty Square	81,980	63,477	55,905	49,746	38,411	29,248	25,285	28,326	25,500	25,500	25,500	25,500	25,500	25,500	
	UBIT	6,305	0	(6,305)	0	0	0	0	0	0	0	0	0	0	0	
	Total Overhead	471,494	438,117	437,806	421,099	372,425	358,612	323,776	334,938	323,810	336,786	341,668	347,573	354,547	362,648	
	TOTAL EXPENSES	3,150,448	3,129,365	3,055,258	2,945,285	2,698,854	2,425,753	1,975,459	2,159,569	2,284,762	2,345,099	2,381,736	2,420,030	2,460,042	2,501,842	
	Y/Y		0.99	0.98	0.96	0.92	0.90	0.81	1.09	1.06	1.03	1.02	1.02	1.02	1.02	
NET OPERATING INCOME		(133,058)	(236,390)	(114,765)	(132,001)	(177,990)	60,012	415,442	154,481	(33,367)	4,229	4,440	10,706	23,330	42,674	

ACRL B&F II LLX23 Doc 6.1

ACRL 5 year projections												
General Fund (12) Only												
	HISTORICAL						PROJECTIONS					
	Actual FY17	Actual FY18	Actual FY20	Actual FY21	Budget FY22	Budget FY23 as of 2/06/23	FY24	FY25	FY26	FY27	FY28	
Revenue - Conference	\$ 2,815,296	\$ -		\$ 1,471,283	\$ (24,000)	\$ 1,980,330	\$ (24,000)	\$ 2,079,347	\$ (24,000)	\$ 2,183,314	\$ (24,000)	
Revenue -Other	\$ 2,553,704	\$ 2,691,183	\$ 1,639,619	\$ 1,758,675	\$ 2,235,555	\$ 2,368,593	\$ 2,267,430	\$ 2,380,802	\$ 2,380,802	\$ 2,499,842	\$ 2,624,834	
TOTAL REVENUE	\$ 5,368,999	\$ 2,691,183	\$ 1,639,619	\$ 3,229,958	\$ 2,211,555	\$ 4,348,923	\$ 2,243,430	\$ 4,460,149	\$ 2,356,802	\$ 4,683,156	\$ 2,600,834	
Expenses - Payroll/Benefits	\$ 1,221,226	\$ 1,555,885	\$ 1,523,031	\$ 1,018,949	\$ 1,584,120	\$ 1,552,316	\$ 1,598,885	\$ 1,630,863	\$ 1,663,480	\$ 1,696,750	\$ 1,730,685	
Expenses - Overhead	\$ 840,744	\$ 209,386	\$ 119,797	\$ 277,121	\$ 233,492	\$ 656,518	\$ 245,167	\$ 689,344	\$ 257,425	\$ 723,811	\$ 270,296	
Expenses - Other	\$ 2,758,467	\$ 1,658,599	\$ 727,225	\$ 1,147,555	\$ 1,123,780	\$ 2,051,396	\$ 955,213	\$ 1,743,687	\$ 811,931	\$ 1,482,134	\$ 690,141	
TOTAL EXPENSES	\$ 4,820,438	\$ 3,423,870	\$ 2,370,052	\$ 2,443,625	\$ 2,941,392	\$ 4,260,230	\$ 2,799,265	\$ 4,063,894	\$ 2,732,836	\$ 3,902,695	\$ 2,691,123	
NET REVENUE	\$ 548,562	\$ (732,687)	\$ (730,434)	\$ 786,333	\$ (729,837)	\$ 88,693	\$ (555,835)	\$ 396,255	\$ (376,035)	\$ 780,461	\$ (90,289)	
Notes:												
* Revenue - Conference: \$2.5 million is in line with average of recent years (excluding 2021).												
* Revenue - Other: increase 5% each year to rebuild programs and services post-pandemic												
* Expenses - Payroll/Benefits: include 2% annual increase. (3% increase for FY24)												
* Expenses - Other: reduced by 15%.												

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To: ACRL Budget & Finance Committee
Subject: 5-year commitment to Choice
Submitted by: Jay Malone, ACRL Executive Director
Date submitted: February 07, 2023

BACKGROUND:

On April 2, 2022, Mark Cummings, the Publisher/Editor of Choice (which is under ACRL) retired after some eight years of running Choice. He suggested that Rachel Hendrick, who was Director of Operations and who had been at Choice for approximately seven years, serve as interim, a suggestion that I endorsed. There arose then the immediate question of if and when we should launch a search for a permanent publisher. The “if” part of the question had to do with financial state of Choice.

As long-serving members of Budget and Finance may recall, Choice Reviews, the bedrock on which Choice was built back in the 1960s and which had served as an important tool for collections development for decades, was steadily losing subscribers as collections professionals turned to other avenues for building their collections. In response to this decline, Mark, and now Rachel, pivoted from a heavy reliance on the Reviews to other income streams, which has proven successful. As you can see from the 5-year projections for Choice, we expect that it will continue to be viable. Choice will not be the “cash cow” for ACRL as it was back in the 1970s and 1980s, but I am confident that it will continue to generate small surpluses for the next five years, and, most importantly for ALA in general and ACRL in particular, continue to provide substantial amounts to support indirect costs.

When I asked Tracie Hall, ALA’s Executive Director, about launching a search for a publisher/editor for Choice, she stipulated that ACRL would need to commit itself to 5 years of supporting Choice before looking for a permanent director. This is the action that I seek today.

Action needed:

- That the Budget & Finance Committee recommend to the ACRL Board of Directors that ACRL will commit to its support of Choice through FY28.

IF PERTINENT: Have other stakeholders been consulted? If so, please identify stakeholders and their comments about this action.

Chair of Budget and Finance has expressed his support.

STRATEGIC GOAL AREA SUPPORTED: Please add additional sheets as needed to explain. (Select the goal area that will be affected most by this action.)

☐ **Value of Academic Libraries**

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

☐ **Student Learning**

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

☐ **Research and Scholarly Environment**

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



Enabling Programs and Services

ACRL programs, services, and publications that target education, advocacy, and member engagement.

FISCAL AND STAFFING IMPACT:

See attached documents.

MOTION: ☐ Above recommendation moved ☐ No motion made ☐ Motion revised (see motion form)

ACTION TAKEN: ☐ Motion Approved ☐ Motion Defeated ☐ Other: _____