**TO:** PLA Board of Directors

**RE:** FY20 Budget Status

**DATE:** May 22, 2019

**ACTION REQUESTED/INFORMATION/REPORT:**

ACTION

**ACTION REQUESTED BY:** N/A

**DRAFT OF MOTION:**

That the PLA Board accept the recommendation of PLA Budget & Finance Committee to approve the FY20 budget as presented with the understanding that PLA has the option to revise the budget till September 16, when ALA locks budgets ahead of the ALA board’s October meeting to approve the entire ALA budget for FY20.

FY20 Budget Overview

In accordance with ALA’s budgeting deadlines, PLA has completed a second draft of its FY2020 (September 1, 2019-August 31, 2020) PLA budget. A summary by project is attached to this report.

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| **Projects** | **Revenue**  | **Expenses** | **Overhead** | **Net** |
| General Fund | $1,006,250 | $1,596,913 | $66,613 | $657,276 |
| Conference | $3,712,365 | $1,850,476 | $874,730 | $987,159 |
| Grants | $1,624,032 | $1,579,760 | $44,272 | $0 |
| **TOTALS** | **$6,342,647** | **$5,027,149** | **$985,615** | **$329,883** |

Revisions since the PLA board met in the spring include addition of spend-down funding for new projects (see below), and some refinements to the budgets for Public Libraries magazine, DigitalLearn.org, and the PLA 2020 Conference, all of which added expenses and reduced total net for FY20.

We are projecting a net loss in our general fund projects of about $657,000. This is higher than previous years due to the tentative decision to make investments in new and expanded projects, helping to spend down our fund balance predicted to be approximately $3 million at the end of FY19. Specifically budgeted since the spring 2019 PLA board meeting are the following: $75,000 for a sustainability consultant, $25,000 to develop a plan to grow our EDISJ and leadership work; $25,000 for communications support to develop messaging/marketing to help libraries sell themselves; and $35,000 for a speaker/facilitator training initiative.

FY20 is a PLA conference year, and the conference is our primary revenue generator. Using actuals from past years and anticipated expenses based on Nashville contracts and costs, we estimate net revenue for conference to be about $987,000. This is slightly lower than previous years, however the budget is conservative. It includes over $500,000 for entertainment (big name speakers) and certain other costs, such as $40,000 for shuttle buses, which may not be needed.

PLA will spend about $1.6 million in grants. Nearly $1.2 million of that amount will be spent from the Gates Foundation general operating grant received in 2017, which will support about 9 FTE staff positions, initial work to create a centralized data collection and management system for PLA and the field, and other costs such as travel, meeting expenses, and staff development. PLA will spend down this grant before spending any additional funds from the legacy grant. The remaining $400,000 in grants is split between the final expenses for the African Leadership Training Grant and the new Microsoft Philanthropies project. Nothing is confirmed for other projects such as the health, insurance enrollment, and internship programs, so nothing has been budgeted for FY20.

ALA will open up the FY20 budget for final revision in late summer. PLA’s FY20 budget will be presented for a vote at the board of directors meeting at the 2019 Annual Conference. If revisions are required after June, they will be made and the board will vote virtually on a final budget before mid-September.

Finally, the PLA Budget & Finance Committee is asked to recommend to the Board how interest from PLA’s long-term investment should be used. Below is information about how it has been used in the past. As of April 2019, PLA’s LTI stood at $1.4M. Interest is estimated to be $55,000.

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| **FY** | **B&F/Board Discussion** | **Amount** |
| FY15 | “used for development of a new program to be held in non-PLA conference years” | $51,532 |
| FY16 | DigitalLearn | $55,040 |
| FY17 | No transfer (rolled into principal) |  |
| FY18 | EDISJ | $57,792 |
| FY19 | Family Engagement | $55,000 |
| FY20 | TBD | ~$55,000 |