**TO:** PLA Board of Directors

**RE:** FY23 Budget Status

**DATE:** August 25, 2022

**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 FY23 budget as presented.

FY23 Budget Overview

In accordance with ALA’s budgeting deadlines, PLA has completed the FY2023 (September 1, 2022-August 31, 2023) PLA budget (includes conference) for board review. A summary by project is attached to this report.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Projects** | **Revenue** | **Expenses** | **Overhead** | **Net** |
| Total Operating | $786,048 | 1,203,241 | $33,280 | ($417,193) |
| Grants | $1,577,660 | $1,577,660 | $179,757 | $0 |
| **TOTALS** | **$2,363,708** | **$2,780,901** | **$213,037** | **($417,193)** |

We are projecting a net loss in our general fund projects of about $418,000. This net loss is typical for a non-conference year for PLA’s general fund. It can be attributed to trend-informed, conservative estimates for both subscriptions, WEB CE registration and ad sales, as well as sustaining projects that generally operate at a net loss, such as Public Libraries (for which ad sales and subscriptions reduce but do not eliminate the net loss).

FY23 is a not a national conference year for PLA, and the conference is our primary revenue generator. Our focus during this non-conference year will be building the non-conference revenue components reflected in ALA’s Pivot Plan. These include membership, data/research, publications, continuing education and contributed revenue.

Grants continue to be essential for PLA. We anticipate more than $1.5 million in grant funds in 2023. Of this, $1.1 Million will be spent from the Gates Foundation Legacy grant received in 2017, which underwrites almost 50% of PLA’s 15.5 FTE staff positions, ALA’s growing data collection/management platform and leadership development programming. The remaining $460,000 in budgeted grants is ongoing work from AT&T related to digital literacy. Additional proposals are pending, but not included in the FY23 grants budget.

This budget reflects a number of developments:

* In early 2022 ALA requested $33,431 in discretionary cuts, reducing the PLA non-conference year net deficit to $522,527.
  + This reduction was achieved through elimination of a membership breakfast planned for the 2023 ALA Annual Conference. An event for members at the ALA Annual Conference will be evaluated in FY23, and the forecasted 60% increase in catering and event costs (inflation/Chicago location) meant the event budget was no longer viable.
* In June 2022, ALA requested the 5% allocation of $73,779 from PLA’s Endowment Fund and posted it as credit to PLA’s operating budget. This amount reduced the PLA’s non-conference year net from $522,527 to $416,704. PLA was instructed that if the allocation of the Endowment funds were not approved by the PLA Board, then PLA would need to find $73K in operating budget reductions or increase revenues to offset the amount.

In order to fulfill ALA’s request to achieve a net deficit of approximately 417K, the budget has been scrutinized the following adjustments made:

* $50,000 in Endowment payout approved by the board as part of the operating budget to support a priority program, the Family Engagement initiative (3072), investing in Web-CE product development for eventual placement in the ALA Web-CE revenue platform. This will benefit both ALA and PLA.
* $23,770 in Endowment payout is part of the operating budget with the purpose of dropping to the PLA and ALA bottom lines as part of ALA’s budget alignment strategy.
* $37,000 in Benchmark Project (3172) site development expenses have been moved to the Gates Legacy Grant (3175).
* $12,500 increase in Ad Sales and subscription revenue to Public Libraries Magazine has been budgeted, with the engagement of new advertising representation, and member recruitment and retention campaign.

Though a combination of thoroughly reviewing the budget and making sure all revenue projection is realistic, we have achieved the requested $417K net deficit bottom line.