



FY2024 Budget Proposal

April 2023

Introduction & Overview

The proposed FY 2024 operating budget calls for a strategic use of CRL’s healthy financial reserves in order to complete the series of structural changes new leadership began in 2019 to position CRL for the future.

Since 2019, new leadership has chosen to adopt a cost-containment/cost-reduction strategy due to the COVID pandemic and vagaries in the overall economic climate. As a result of this cautious approach, new leadership has to date enacted its vision for change through targeted cost-cutting, primarily through the elimination of positions and an increased reliance on outsourced vendors to supply CRL’s HR, Accounting and Finance functions. These cost containment measures have reduced the percentage of the CRL operating budget allocated to personnel from 57.7% in FY 2021 to a proposed 52.7% in FY 2024. Fortunately, new leadership was able to realize additional strategic investments opportunistically, as through the redeployment of forgiven CARES Act funding to address deferred maintenance in the CRL facility.

In 2019, CRL Board of Directors allocated an additional \$500K for new leadership to make strategic investments to transform the organization in line with the vision of new leadership. With COVID striking a few months into the tenure of new leadership, thus kicking off several years of austerity and cost-containment budgets, these funds were not deployed to assist new leadership in enacting its vision. The proposed FY2024 budget addresses this gap by making available funds from CRL’s reserves to empower CRL leadership to complete the restructuring process it began in 2019 and which has been steadily making progress, despite operating within the context of austerity.

Current CRL leadership believes the organization is at a pivotal moment in its organizational history and has a window of opportunity through which we may deploy a portion of CRL’s financial reserves to complete the recalibration of the organization begun in 2019 and position CRL for long-term success. We propose to achieve these through the FY2024 budget by making targeted investments in the following three areas:

- **Reinvesting in staff:** CRL has at present a skilled and engaged workforce deployed in a healthy organizational culture which incentivizes continuous learning, growth, and high performance. This is a result of leadership’s focus in recent years to improve CRL’s organizational culture, staff productivity and performance, and organizational design. Progress in these areas has been notable, but has resulted in CRL being understaffed at present, resulting both in single-points of

failure in workflows, and current staff having overly complex/large spans of responsibility. The FY2024 budget proposes an allocation in order to cover salary, fringe and related benefits to hire a Vice President and Chief Operating Officer. This is a new position in CRL which will immediately provide more senior leadership capacity in the organization in order to support the CRL President and the CRL Board of Directors. The FY2024 budget also allows for the hiring of an additional communications/member engagement position. We also propose to fill the Director of Collections and Global Collections Project Manager positions, which are currently vacant and already included in the personnel budget. Together, these positions will provide increased senior leadership capacity in the organization, bolster CRL's collections programming, particularly in global collections, and increase CRL's capacity to engage with members, current and prospective.

- **Recalibrating & Strengthening CRL Programs:** New leadership has identified CRL's support and administrative oversight of its hosted projects and programs as an area of operations requiring top-level attention. Longstanding lack of administrative support and weak governance structures have prevented these programs (eg. NERL, Area Studies Materials Projects) from operating to their full potential. This budget asks for \$200,000 to be made available to CRL leadership in FY2024 to act as available bridge funding to facilitate the recalibration of CRL's hosted programs, particularly CRL's global collections programs, and their dues models in FY2024. This funding will ensure that CRL has the capacity to follow-through on the community-built roadmap that emerges from work with the Educopia Institute to identify ways to strengthen CRL's global collections and services in ways that are harmonized into CRL's overall mission, service model and dues structure.
- **Capital Improvements:** In FY2023, CRL leadership took advantage of forgiven CARES Act loans in order to complete a suite of capital improvements, resulting in the completion of an overdue roof replacement, and a major window installation project. In FY2024, we aim to continue these capital improvements by modernizing CRL's communications infrastructure. At present, CRL lacks a modern telecommunications infrastructure, which presents a structural obstacle to even basic telecommunications functionality in the CRL facility, with resulting impacts on staff productivity and morale. We also propose to continue the recent investments to improve the preservation environment for CRL's collections through an overdue sealing treatment of CRL's concrete façade. These capital improvements are mission critical to maintaining an adequate preservation environment for CRL's analog collections and a modern office telecommunications experience for CRL staff.

The budget overview below applies to CRL Operating Funds only.

Revenue

Operating revenue is generally expected to increase by 2.3% this year to \$7,187,378. Membership Revenue is projected to be 1.9% more than the FY 2023 level, with no change to number of members. Looking ahead, CRL will prioritize growth of membership, and believes the current membership model is financially sound and has room for growth, particularly as we rationalize the benefits of core

CRL membership and disambiguate it from the membership and dues of CRL’s numerous hosted programs.

Key assumption for FY24 Revenue:

- Revenue
 - (1) Preservation and strategic growth of membership revenue
 - (2) Reimbursement by NERL for direct and shared personnel, occupancy, and related costs
 - (3) Revenue from collections storage pilot with Newberry Library

Expenses

The overall proposed operating expenditures increase is \$798,102 over the current year budget. Most expenditure category increases are modest with the following exceptions:

Key assumptions for FY24 Expenses:

- Expenditures
 - (1) Full utilization of personnel with planned limited hiring of new FTE counts
 - (2) Conservative placed-in-service dates for capital expenditures and depreciation expense starting with the fiscal year
 - (3) Unavoidable cost increases due to inflation on mandatory expenditures

Change in Net Assets

We propose a deficit operating budget of \$876,965 for FY2024. This is not a business-as-usual budget request, but instead represents a confident deployment of CRL’s cash balance (\$38,970,942 as of March 31, 2023) in order to complete a multi-year realignment project to address internal weaknesses in CRL’s staffing, facility, and partnerships and position the organization to enter a new and thriving phase in its history. The proposed operating deficit budget represents approximately 2.19% of CRL’s cash balance.

The projected change in net assets maintains CRL’s longstanding compliance with the auditors’ recommendation for maintaining an adequate cash and investment reserve, while positioning the organization for the years ahead.

Capital Improvements

Conduit and Cabling Demolition and Installation	\$ 341,640.00
Internet and Wifi Hardware and Equipment	\$ 55,125.60
Website Upgrade	\$ 210,000.00
Concrete Façade	\$ 550,195.00
Parking Lot Resurface	\$ 23,045.00
Bookeye5	\$ 17,359.00
AbbeyyFine	\$ 12,500.00
	Total \$ 1,209,864.60