

UNC Press FY13 – FY15 Budget Recommendation to Board of Governors by the Finance Committee

UNC Press FY13 Budget Highlights

- Net Sales (line 7) are projected to be \$5.6 million, a 5.6% increase over the FY12 \$5.3 million sales projection. Net sales are based on publishing 80 new titles in FY13, compared to 78 new titles published in FY12. In addition, the Press will publish 8 revised titles, 36 paperback reprints (of previously published cloth-only titles), and 1 distributed title in FY13. In FY12 the Press also published 5 revised titles, 17 paperback reprints, and 2 distributed titles.
- Cost of Sales (line 16), which includes manufacturing, inventory write-off, and royalties, is projected to total \$2.1 million, an increase of 114,495, or 5.8%, compared to the FY12 budget. The FY13 budget includes a shift in the reporting of digital file creation and conversion expenses from the IT department to cost of sales. These expenses are expected to cost \$60,200 in FY13.
- Gross Margin (line 18) is projected to total \$3.5 million, an increase of \$185,505, or 5.6%, over the FY12 budget.
- Operating expenses (line 29) are projected to total \$5.1 million, an increase of \$182,210, or 3.7%, compared to the FY12 budget. Increases in personnel expenses represent the majority of this increase, as noted below.
- Staff salaries include a pool based on 2% of current total for staff making under \$70,000 (salaries of 11 staff making over \$70,000 are not included). [As a reminder: furlough plan for all staff was discontinued as of February 1, 2011; staff making over \$70,000 returned to FY09 salaries as of January 1, 2012.] Those salaries not increased as of July 1, 2012 will be reviewed after January 1, 2013 as part of the mid-year budget review.
- Acquisitions staff salaries include a full-year of salary and benefits for the new editor hired December 1, 2011 (mid-FY12). Marketing staff salaries include making the sales assistant position full-time. GA staff salaries include a newly created part-time office manager position to be hired in FY13. GA salaries also include the digital production specialist, whose salaries and benefits were previously funded by the LCRM/Mellon project. The salary and benefits for the digital assets coordinator was moved from the IT department to GA.
- The contribution to the State Retirement Plan is projected to increase from 13.12% in FY12 to 14.31% in FY13 – an increase of 9%. The contribution to the State Health Plan is projected to increase from \$412.67/staff/month in FY12 to \$432.67/staff/month in FY13 – an increase of 4.85%.
- Staff salaries and benefits are projected to total \$3,176,220 in FY13, compared to \$2,987,295 in FY12. This is an increase of \$188,925, or 6.3%.
- Other than increases in staff salaries and benefits, most other departmental operational expenses are projected to remain constant in FY13.

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- Support from State Academic Affairs and UNC-CH (line 43) is projected to remain constant at \$518,500. This is made up of \$432,500 from State funds (constant since 1994) and \$86,000 from UNC-Chapel Hill.
- The endowment spending policy allows us to draw up to 5% of the average of the last 12 quarterly balances. For FY13 the spending policy allows for a payout of \$645,000, which is equal to the FY12 payout.
- In order to break even, the FY 13 budget includes a draw in the amount of \$55,000 from the Press operating reserve fund. This compares to a budgeted draw of \$50,000 in FY12.

FY14 Budget Assumptions

- Net Sales are projected to increase 3.5% to \$5.8 million. Net sales are based on publishing 95 new titles in FY14 as outlined in the strategic plan.
- Cost of Sales are projected to increase 1.9% to \$2.13 million.
- Gross Margin is projected to increase 4.6% to \$3.67 million.
- Operating Expenses are projected to increase 2.8% to \$5.25million.
 - Staff salaries include a pool based on 2.5% of all current staff salaries.
 - The contribution to the State Retirement Plan is projected to increase from 14.31% to 15.02% in – an increase of 5%. The contribution to the State Health Plan is projected to increase from \$432.67/staff/month to \$454.30/staff/month – an increase of 5%.
 - Expenses for marketing and promotion are projected to increase 2.5%.
- Press Club gifts are projected to increase 14.3%, from \$70,000 in FY13 to \$80,000 in FY14.
- Support from State Academic Affairs and UNC-CH is projected to remain constant at \$518,500.
- For FY14 the endowment spending policy allows for a payout of \$680,000, which is an increase of 5.4%, or \$35,000.
- The FY14 budget yields a surplus of \$47,600.

FY15 Budget Assumptions

- Net Sales are projected to increase 3.5% to \$6 million. Net sales are based on publishing 105 new titles in FY15 as outlined in the strategic plan
- Cost of Sales are projected to increase 2.8% to \$2.18 million.
- Gross Margin is projected to increase 3.8% to \$3.8 million.
- Operating Expenses are projected to increase 3% to \$5.4million.
 - Staff salaries include a pool based on 2.5% of all current staff salaries.
 - The contribution to the State Retirement Plan is projected to increase 5%, from 15.02% to 15.77%. The contribution to the State Health Plan is projected to increase 5%, from \$454.30/staff/month to \$477.02/staff/month.
- Press Club gifts are projected to increase 12.5%, from \$80,000 to \$100,000.

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- Support from State Academic Affairs and UNC-CH is projected to remain constant at \$518,500.
- For FY15 the endowment spending policy allows for a payout of \$700,000, which is an increase of 3%, or \$20,000.
- The FY15 budget yields a surplus of \$57,715.