

TO: ALA Council

FROM: Forward Together Fiscal Analysis Working Group (FT-FAWG)

RE: Initial Report of the FT-FAWG

DATE: January 19, 2021

The Forward Together Fiscal Analysis Working Group (FT-FAWG) was appointed by then-President Wanda Brown in June of 2020. The appointment messages to members of this group included:

“The charge of this group is to conduct a comprehensive fiscal analysis of the amended Forward Together recommendations. This report will be presented to ALA Council at the 2021 Midwinter Meeting. Please note that the group’s work may also continue through Fall 2021, as recommendations are implemented.”

The members of the FT-FAWG are Tom Adamich, Victor Baeza, Ronald A. Dubberly, Susan Jennings, Brenda Pruitt-Annisette, John A. Lehner (Chair), Karen G. Schneider, and Carrie Willson.

The initial time frame for FT-FAWG was dependent on the work of the Forward Together Working Group. As the Forward Together Working Group’s efforts have evolved, the tasks before the FT-FAWG have also evolved. Amended Forward Together recommendations, cited in the charge to FT-FAWG, will not be available at the time of the Midwinter 2021 meeting. We also note the action by Council on December 3, 2020 to establish a new Forward Together Resolution Working Group to “develop resolutions based on the *Forward Together Working Group* analysis and report.” However, the charge to FT-FAWG has not been amended so pursuant to our charge we are presenting this report.

In this report we explore the fiscal implications of some of the recommendations contained in the document *Forward Together: Recommendations for a reimagined American Library Association governance model* (October 2019). The goal of the working group is to provide fiscal data to the groups that will be making decisions about possible changes to the governance structure.

Please note, as stated in the report of the SCOE Fiscal Analysis Working Group, “the work of SCOE was taken to enhance member engagement, not to reduce operating costs.”

We believe an important first step in understanding the fiscal impact of the changes to the governance structure proposed in Forward Together is understanding the current costs of

governance. The costs of the existing governance structure do not appear to have been clearly analyzed and reported in the past.

I) Cost of Council and Executive Board

The SCOE recommendations include the elimination of Council; as stated earlier, those recommendations were made to increase member engagement not to decrease organizational expenses. However, the cost of Council seems to be the subject of continued concern. The September 19, 2019 report of the SCOE Fiscal Analysis Working Group estimated the cost of Council at \$800,000 per year; further details documenting costs were not available. The report stated “a detailed cross-functional analysis of Council costs that will be available later in September.” Unfortunately, this report was not completed and not received by the then-Treasurer, Susan Hildreth.

FT-FAWG has worked with the Director of Governance to establish the costs of Council in greater detail. The best estimated costs of Council that we are able to provide at this time is shown in the table below. The costs are calculated using the average of four years (2016 through 2019) of governance-related expenditures and the average of five years (2015 through 2019) of governance meeting expenditures.

Annual Cost of Council

Total Council Expenses (without Council room):	\$216,011
Estimated Governance/Executive Office Staff Costs:	\$152,000
Total Costs:	\$368,011

The cost of Council is shown without the cost of the meeting rooms required at Annual and Midwinter Conference. We have presented the data this way because the cost of the meeting space for Council is included in the larger agreement for meeting space and is usually “comped.” If the meeting rooms were not included in the overall contract and were price separately, the cost of the meeting rooms is estimated at \$175,482 annually. Including this amount brings the cost of supporting Council to \$543,493.

The expenses that are attributed to Council, include professional services (captioner), audio-visual equipment rental and labor, computer rental and internet connection, and overhead. The estimated Governance/Executive Office staff costs represent the proportion of time devoted to Council work. This estimate is based on aggregate salaries and does not include benefit costs.

Further work needs to be undertaken by the FT-FAWG to address the implementation of the four leadership assemblies proposed in the Forward Together report. Initial work by the Director of Governance suggests that supporting the work of the four leadership

assemblies may be less than the cost of supporting Council with its current configuration and meeting schedule.

The costs of supporting the existing Executive Board, using the average of four years (2016 through 2019) of actual expenditures are shown in the table below.

Annual Cost of Executive Board

Total Board Expenses:	\$192,063
Estimated Governance/Executive Office Staff Costs:	\$228,000
Total Costs:	\$420,063

The Executive Board expenses include the cost of on-site meetings (Annual and Midwinter Conferences, Spring and Fall Board meetings) as well as the overall costs of general board expenses.

The Forward Together report proposes a new Board of Directors with 17 volunteer members. This is five members more than the current Executive Board. The variable (per person) costs of supporting the Executive Board is approximately \$7,735 per member per year. These costs include transportation, lodging and meals. If the new Board of Directors was to follow the meeting schedule of the Executive Board, we estimate additional costs of \$38,676 per year.

N.B. - There are other personnel costs of supporting Council and Executive Board that we are not yet able to fully articulate. Examples of such costs would be special reports prepared by staff and member leaders for Council and the Executive Board. It is difficult to identify how these costs should be attributed to any specific governance entity.

II) Cost of Proposed Entities

Recommendations on the new governance structure are not available at this time and we are not yet able to effectively assess the costs of the proposed new governance entities. The Forward Together report outlines six new standing committees. Significant questions are unresolved about the new standing committees. A major obstacle is determining which existing committees will continue and which existing committees may be supplanted by the six new proposed standing committees. There are also unresolved questions about which of these committees may be brought together twice a year at ALA expense, following the existing model of BARC and the Finance and Audit Committee. Whether these six standing committees will meet face to face and the frequency of these meetings will impact the costs.

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In light of the newly established Forward Together Resolution Working Group, we are pausing our efforts to assess the costs of the governance structure proposed in the Forward Together report. We anticipate that there may be some refinement of our charge and a reappointment process for our working group.

III) In-person Versus Virtual Meetings

The Forward Together conversations have included discussions about the cost implications of moving more ALA governance activity online. It is worth a reminder that better member engagement, not cost savings, is the primary motivation behind the proposed changes to ALA structure and governance. This direction comes from the findings and recommendations of the 2018 member survey report by the consulting firm Avenue M.¹ Furthermore, the cost of online versus face-to-face governance needs to be distinguished from the value of each model, which is outside the purview of this analysis. That said, any change to ALA governance merits fiscal analysis, in order that we as an association understand the fiscal implications.

The information gathered to date leads to the following high-level observations:

- All governance activity has associated costs--for ALA, but also for member leaders.
- Face-to-face governance, as it is currently conducted in ALA, is significantly more expensive than online governance.
- Much of the cost of face-to-face governance is associated with equity practices that ensure member leaders can serve in key positions such as President, Treasurer, and Executive Board regardless of financial situation, and are thus aligned with ALA's core values. These costs are associated with travel to ALA Headquarters and conference sites for these member leaders.
- Online governance, while less expensive than face-to-face governance, is still fairly new to ALA, and may have additional, as-yet unforeseen cost factors that emerge as best practices for online governance are identified.
- Online versus face-to-face is not an all-or-nothing proposition. That is, it is possible to have "hybrid" models that reduce face-to-face meetings without entirely eliminating face-to-face governance.

¹ See EBD Inventory 2018-2019, Item 12.12, [Communications/Membership Reports \(PowerPoint\)](#)

- There are both opportunities and opportunity costs for online and face-to-face governance models.

Annual Estimated Face-to-Face versus Online Costs Does not include ALA staff time. Based on average data, 2015-2019. See discussion for more details		
Governance Activity	Face-toFace	Online
Annual costs, Council meetings at Annual & Midwinter * Includes \$6k online meeting license available for other governance needs, plus parliamentarian, transcriptionist, and voting software common to both meeting modalities	\$160,000	\$8,000*
Annual cost of Executive Board meetings, Annual & Midwinter	\$100,000	\$0
Annual average cost per person for member leaders to attend Spring and Fall meetings at ALA Headquarters	\$6,000	\$0

Note that the fiscal data in this analysis represents a best effort at capturing data, but is subject to revision and unlikely to represent all costs associated with online governance.

There are some costs common to face-to-face and online governance. For example, for ALA Council meetings at Annual and Midwinter, face to face or online, there are costs for ALA staff time, transcriptionists for live captioning, the voting tool, and parliamentarians. There is one cost exclusive to online governance: the annual license for the online meeting software, currently ca. \$6,000 per year (and used for many other purposes year-round, including ALA Executive Board meetings, ALA staff meetings, and so on). But on the face of it, the cost of online Council governance as it is currently conducted is minimal compared to the cost of face-to-face governance. Without factoring in staff time, holding two Council meetings online costs less than \$8,000 per year, including the voting tool, the transcriptionist, the Parliamentarian, and an annual Zoom license, the use of which is not limited to Council activities. The online voting tool, which can be used for online as well as face-to-face meetings, has reduced staff time required to record and transcribe the [Council vote tallies](#) and has sped up the Council voting process.

As noted in the bulleted summary above, this describes the level of support for online governance *currently provided by ALA*, and may not represent the tools and services currently available, or tools and services that may become available, and concomitant ALA

staff resources, to address the *quality* of online governance. This analysis also does not address what costs might be incurred, such as additional licensing of online products, contracts with parliamentarians and transcriptionists, and ALA staff time, if an online Council or for that matter other ALA units met more frequently. For ALA's member leaders, whether serving on Council or observing its activities, online Council participation is essentially free, provided members have Internet access and a computer, tablet, or smartphone.

Face-to-face meetings at conference sites have their own exclusive costs. These include travel costs for ALA governance staff and the 12-member Executive Board (which includes the current President, past-President, President-Elect, and Treasurer, as well as 8 elected member leaders); conference meeting space; audio-visual equipment; computers and Internet; and hospitality and meals for staff and some member leaders. Based on fiscal data for 2015-2019, not including ALA staff time, Annual Conference and Midwinter Meeting governance costs for ALA Council and Executive Board averaged nearly \$260,000 per annum. Of these costs, about \$100,000 were specific to ALA Executive Board. (The cost of ALA Council chambers, estimated at approximately \$175,000 annually, is not included in these estimates. Conference contracts have often included this room at no cost to ALA, though any resource included in a conference contract has implications for the final negotiated cost.)

ALA also has a longstanding tradition of full funding for on-site spring and fall meetings at ALA Headquarters for member leaders on the ALA Executive Board, the ALA Council Budget Analysis and Review Committee, the ALA Endowment Board, the Committee on Accreditation, and division leaders. These meetings are typically complemented by online monthly meetings plus additional online meetings as required by special circumstances. There are also travel costs associated with the ALA President. The practice of funding the cost of member leader travel is based on a commitment to equity for ALA member leader participation, so that any ALA member, regardless of income level, can participate in leadership positions. There are implications for this commitment: for example, the data indicate it costs roughly \$6,000 per member leader for an ALA Executive Board member to participate face-to-face in the spring and fall meetings per year (except for the Executive Director, who works on-site). These meetings may also include travel costs for ALA staff from other locations, such as the Washington Office.

There are thus significant cost implications to ALA's face-to-face governance practices, and correspondingly, significant potential savings by moving some or all activities online. Due to COVID, since early 2020 ALA Executive Board has held its spring, Annual, and fall meetings entirely online, and will hold its Midwinter 2021 meetings online as well. The cost savings alone for member leader travel to these four meetings, not including other member leaders such as BARC or non-travel expenditures for face-to-face meeting costs, average out to approximately \$150,000. That said, it is important to understand this is not an

argument for moving ALA governance meetings fully online. Board members have indicated that Board member onboarding and engagement, and even government per se, have been made significantly more challenging by the sudden loss of networking and engagement that is typical of the Board's four face-to-face meetings. This refers back to two points in the synopsis at the beginning of this narrative: first, that online versus face-to-face is not an all-or-nothing proposition (and the "sweet spot" for the balance of the two is yet undetermined), and second, that the global community is just now discerning what tools and services are needed for optimal performance of activities such as online governance. In terms of online work environments, vocational or avocational, the global community is at the equivalent of the early stages of the Internet, when the promise of this environment exceeded its reality.

There are other opportunity cost factors for ALA member leaders associated with face-to-face meetings. With the exceptions of member leaders in specific roles as described above, most ALA Councilors must fund their own way to ALA, whether through their own funds, scholarships, or institutional support from their place of employment or in some cases, an association. It is easy to see from the cost analyses above why funding travel costs for close to 200 Council members would be prohibitively expensive. [A review of ALA Handbooks from ALAIR, the ALA Repository](#), confirms that ALA Council, with the agreement of the wider ALA membership, has gradually expanded over many decades from a 10-member to a 183-member body that deliberates twice a year at face-to-face meetings. The justification for increasing the size of Council in recent years has been to diversify Council as well as ALA Executive Board, which in modern times has been elected by and from the ranks of ALA Council. But increasing the size of Council does not resolve the challenges for those among our 50,000+ membership who have an interest in policy governance work but are unwilling or unable to commit personal and/or institutional travel funds to attend the six consecutive ALA Annual and Midwinter meetings that will typically take place during a three-year Council term.

Another way to look at face-to-face governance costs is through the simple cost of doing business. ALA Council meets three times at ALA Annual and three times at Midwinter, with additional "information sessions" that Councilors are strongly encouraged to attend. The following table describes the actions taken at ALA Midwinter 2020, the last pre-COVID Council meeting and deemed by the authors of this analysis a typical face-to-face midwinter meeting in terms of agenda and activity. Even if, in the scheme of things, the cost of face-to-face Council governance to ALA, at an estimated ca. \$85,000 average per conference, is small compared to ALA's overall budget, it is worth asking how many of these 17 items required consideration at three separate face-to-face meetings (requiring attendance at Midwinter from Saturday through Tuesday morning); whether the Councilors themselves would agree this was the only time and modality when these matters could be considered, and that their travel costs were well-spent on this activity; and whether the wider ALA membership, who invest in ALA through their dues, conference attendance, and

other expenditures, would agree that Council work as it is currently conducted has value relative to its cost.

Action	Type	Description
ALA CD#2	Consent	2019 Annual Conference Council Minutes
EB Candidate Slate	Consent	Per ALA CD 12
CD#31	Approved	Rename Melvil Dewey Award
CD#40 AA	Adopted as amended	Right to assemble at ALA conferences
CD#27	Approved	Establish Council Forum as ALA Orientation subcommittee
CD#27.1	Approved	Council approves Committee Info Update Report
CD#37	Approved	Continue Task Force work on online voting and deliberation
CD#39	Approved	Grant Polish Library Association affiliate status in ALA
CD#40A		Amendment to #CD40
CD#40SPN	Defeated	Motion to suspend CD40 as amended until end of FY
CD#41	Adopted	Resolution in opposition in charging prisoners to read
CD#18	Adopted	Resolution celebrating centennial of American library in Paris
CD#19.4	Adopted	IFC LBOR interpretation, sex, gender identity, et al.
CD#19.5	Adopted	Formation of working group on vendor privacy policies
CD#49	Defeated	Resolution in Defense of the Free Speech of Supporters of the Movement for Palestinian Rights (Revisited from CD 49, 2018-2019 Council actions)
CD#13.1	Approved	ALA 2021 programmatic priorities
Memorials	Adopted	Seven ALA members memorialized
Tributes	Adopted	FLA 100th Anniversary; Dita Kraus, "Librarian of Auschwitz"

Again, association governance has cost implications no matter how it is conducted. ALA Councilors and ALA governance staff have worked heroically to move their actions online during COVID, but the online environment available to any of us right now is awkward at best and functionally primitive. That is not a statement advocating the return to the fully face-to-face policy-making environment--which may be a world few of us see again in our working lifetimes--but an observation that the move to online activity requires more resources than we currently understand or have available, and the sheer size of Council, an unusually large single deliberative body, adds complexity. As noted above, if Council in whatever shape it takes in the future moves some, most, or all of its activities online, it is likely that the optimal governance experience would require periodic enhancements from additional tools and services that would incur both direct and indirect costs to ALA. But as ALA member leaders look toward improving member engagement, it will help to be

mindful of the broader fiscal implications for both ALA and its member leaders of face-to-face versus online governance.

IV) Standardized Dues Structure

The fiscal analysis of a standardized dues rate was started by the SCOE Fiscal Analysis Group and we have been working with the Director of Member Relations and Services to expand the previous analysis. FT-FAWG is looking to take the analysis to the next level by exploring the individual impact of the standardized dues on each division and each round table. We are analyzing standardized rates of \$60, \$65, or \$70 for the dues rate for Regular Members. For round tables, we are analyzing standardized rates of \$10, \$15 and \$20. Since each division and round table currently has a different dues rate, the impact on this standardization would vary across each unit. The calculated impact of this standardization is assuming that there is a certain level of price sensitivity and that some members will choose to drop their membership as a result of any dues increases. We anticipate being able to come forward with a detailed analysis in the next 30 to 60 days.