

Council Financial Orientation

- The ALA Budget and Decision Making Process -

Susan Hildreth - Treasurer

Saturday, February 10, 2018
Denver, CO

Congratulations!!!!

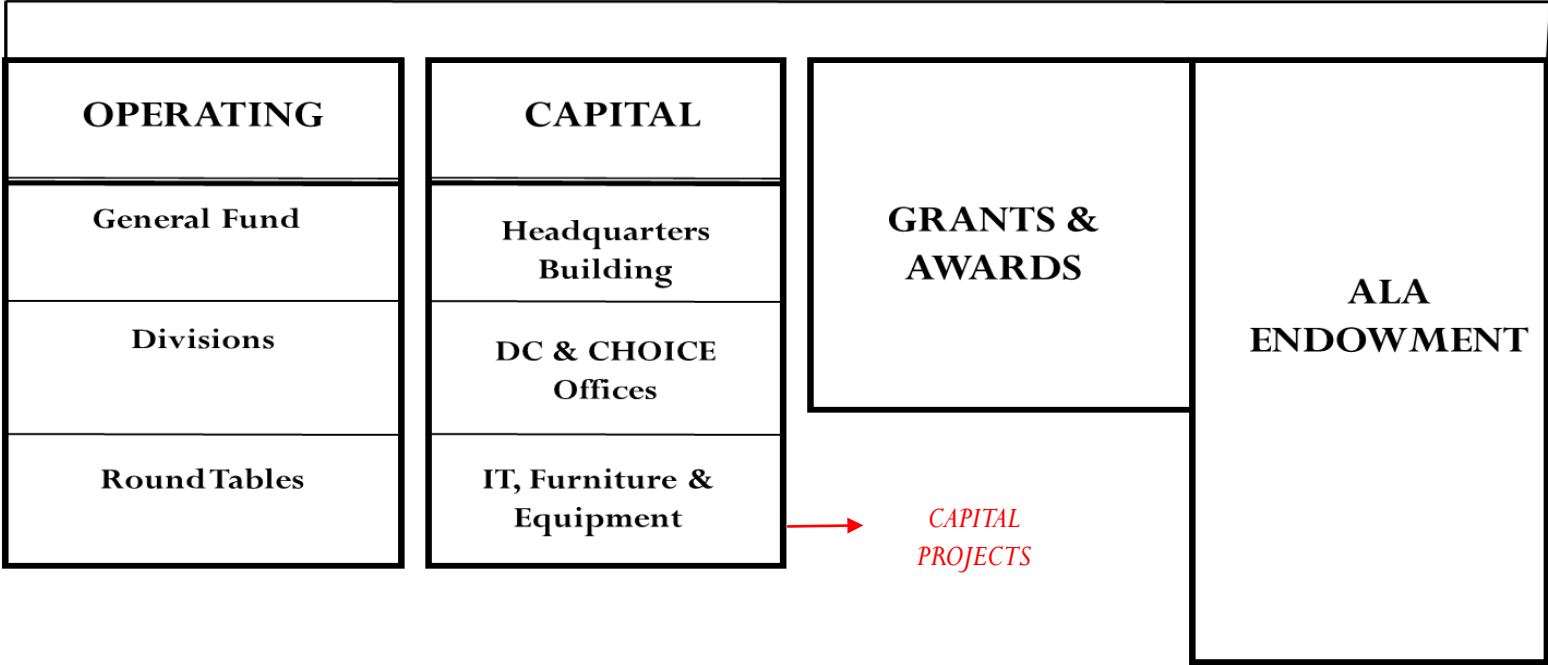
*You've made the worthwhile commitment to serve
our Association as a Councilor!*

The Process Starts and Ends with Your Actions

- At each Midwinter Meeting
 - Council approves the Association's Programmatic Priorities and Strategic Directions
- At each Annual Conference
 - Council approves the Annual Estimate of Income and Budgetary Ceiling

ALA Operating Structure

TOTAL ALA



Sources of ALA Revenue



17%
Dues

24%
Meetings &
Conferences

36%
Publishing

10%
Grants

4%
Interest

9%
Other

Where Does Your ALA Dollar Go?



14%
Advocacy

12%
Literacy,
Diversity and
Equity of
Access

13%
Information
Policy and
Intellectual
Freedom

38%
Professional and
Leadership Development

23%
Member Services
and Support

Things to Know About ALA Budgeting

- Stakeholders in development of budget
- Decision making process
- Timeline for development
- Important tools used when developing budget



Who are Stakeholders in Development of ALA Budget ?

■ Broad Overview

- Strategic Plan
- Senior Management
- Executive Board
- Planning & Budget Assembly
- Member Leaders

■ Staff View

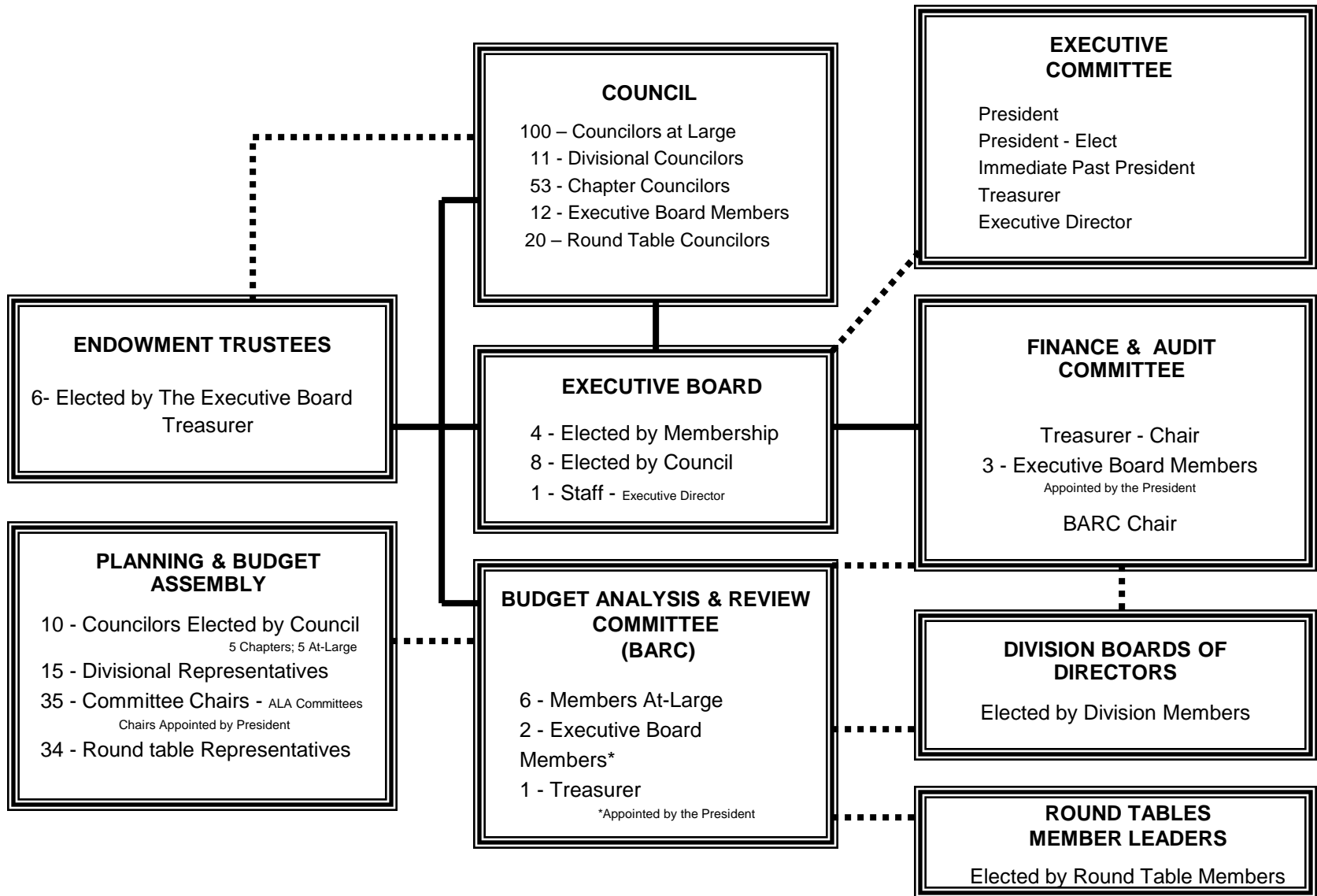
- Divisions
- Round Tables
- Committees
- Departments
- Units

■ Governance View

- Executive Board
- Council
- BARC
- Finance & Audit Committee



ALA Decision-Making Process



Budget Analysis and Review Committee

- BARC -

BARC is a standing committee of ALA Council, consisting of eight members serving non renewable terms:

- six members at large from general membership
- two members from Executive Board (staggered 2 year terms)
- ALA Treasurer is a member

Although the Executive Board has the fiduciary responsibility for the budget, BARC has the primary responsibility.

- Charged to review proposed budget as forwarded from Executive Board within the context of the ALA strategic plan and annual priorities.
- Reviews current year's budget financial performance.
- Reviews resolutions from Council that may have potential financial implications.
- Makes budget recommendations to Executive Board.
- Reports to Council on performance of budget.

Council Referrals to BARC

BARC is charged with determining financial impact, if any, of any referrals from Council.

Past Council Referrals to BARC

- Dues Impact Study
- Income Based Dues Study (Graduated Dues Study)
- Resolution on the Gathering of Diversity Statistics
- Report for Improving the Effectiveness of ALA Council
- Report of the Chapter Relations Task Force
- Young Professionals Task Force
- Services to Immigrants and Refugees

Budget Timeline



September –
October

ALA management reviews strategic focus of Association.

October - Fall
Board Mtg.

Executive Board reviews strategic plan as presented by Executive Director/Senior Management and further defines strategic focus resulting in broad programmatic objectives. Executive Board and BARC review and approve Association and Division final Budgetary Ceiling for current year.

Midwinter
Meeting

Executive Board - Treasurer - presents broad programmatic objectives to Council for approval. BARC monitors current budget. President-Elect proposes presidential program budget.

January -
February

ALA staff prepares Annual budget based on broad programmatic priorities.

Budget Timeline (Con't)



March – April

Budget meetings for ALA and Divisions are held.

April – May

Executive Board receives from staff - Senior Management - preliminary budget, which is reviewed and then forwarded to BARC for a detailed analysis.

May – June

Staff – unit managers and senior management - updates the budget.

Annual
Conference
(July/June)

Executive Board approves the budget. Council approves budgetary ceiling. Division Boards approve their budgets.

September -
October

Final FYxx budget finalized, primarily reflecting division changes and projected year end results.

Budget Assumptions*

- Finance staff researches inputs that may affect general economy and budget
 - final financial results for recently ended fiscal year
 - external financial forces
 - healthcare benefit rate
 - expected investment returns
 - ALA overhead rate
- Business units (Publishing, Conferences, etc.) provide input on industry activities
 - production services costs
 - lodging and meals
 - travel costs
 - membership growth

*This information will be part of the budget instructions package handed out in October/November

Budget Development Process

- Budget Instructions & Guidelines
 - Provides basic framework for budget planning
 - Sent to staff in October/November
- Budget Assumptions and Considerations
 - Management reviews results of just concluded fiscal year and current/future economic landscape
- Spring Meeting Preparations
 - Preliminary budget work begins after receiving instructions
 - Preliminary budget work presented to Executive Board and BARC in April
 - Preliminary budget and additional adjustments presented to Council at Annual Conference
- Final Budget Approved
 - Fall Executive Board meeting

Tools and Processes to Use When Developing the Budget

- Review year to date results from current fiscal year
- Review year end projections for current fiscal year
- Review ten-year financial trend information
 - sources of revenue/expenses
 - dues patterns: membership, pricing
- Review 5 year strategic plan
- Member leader discussions
 - strategic directions (strategic plan)
- Review current projects, initiatives, activities, etc.
 - are they important to our mission
 - are they still relevant in today's environment

Other Important Information to know

- Final adjustments can and are made to budget between Annual Conference and Fall Executive Board meeting
 - final budget is approved at this time (October), even though new fiscal year has started
- Once final budget is approved, it is final
- New projects/initiatives introduced outside approved budget process will generally have to wait until next budget cycle
 - new projects/initiatives developed outside budget process are handled on a case by case basis and encouraged to wait until next budget cycle

Total ALA FY 20xx Budgetary Ceiling

Net Assets

(Unexpended net assets remaining from previous fiscal year)

+

Revenue

(Anticipated in upcoming fiscal year)

=

Budgetary Ceiling

Budgetary Ceiling

- Total ALA -

Net Assets

\$14,906,005

(FY 2017 NAB*)

+

+

Revenue

\$52,886,733

=

(Budgeted revenue for FY 2018)

=

Budgetary Ceiling

\$67,792,739

Thank You