

# American Library Association Division Leadership Meeting

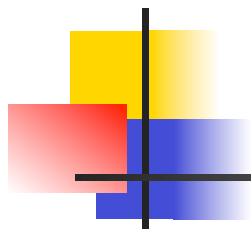


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*- Financial Overview and the Role of BARC -*

Mario Gonzalez – ALA Treasurer  
Patricia Wand – BARC Chair

October 24, 2013  
Chicago, Illinois



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# The Relationship

*- ALA, BARC & the Divisions -*

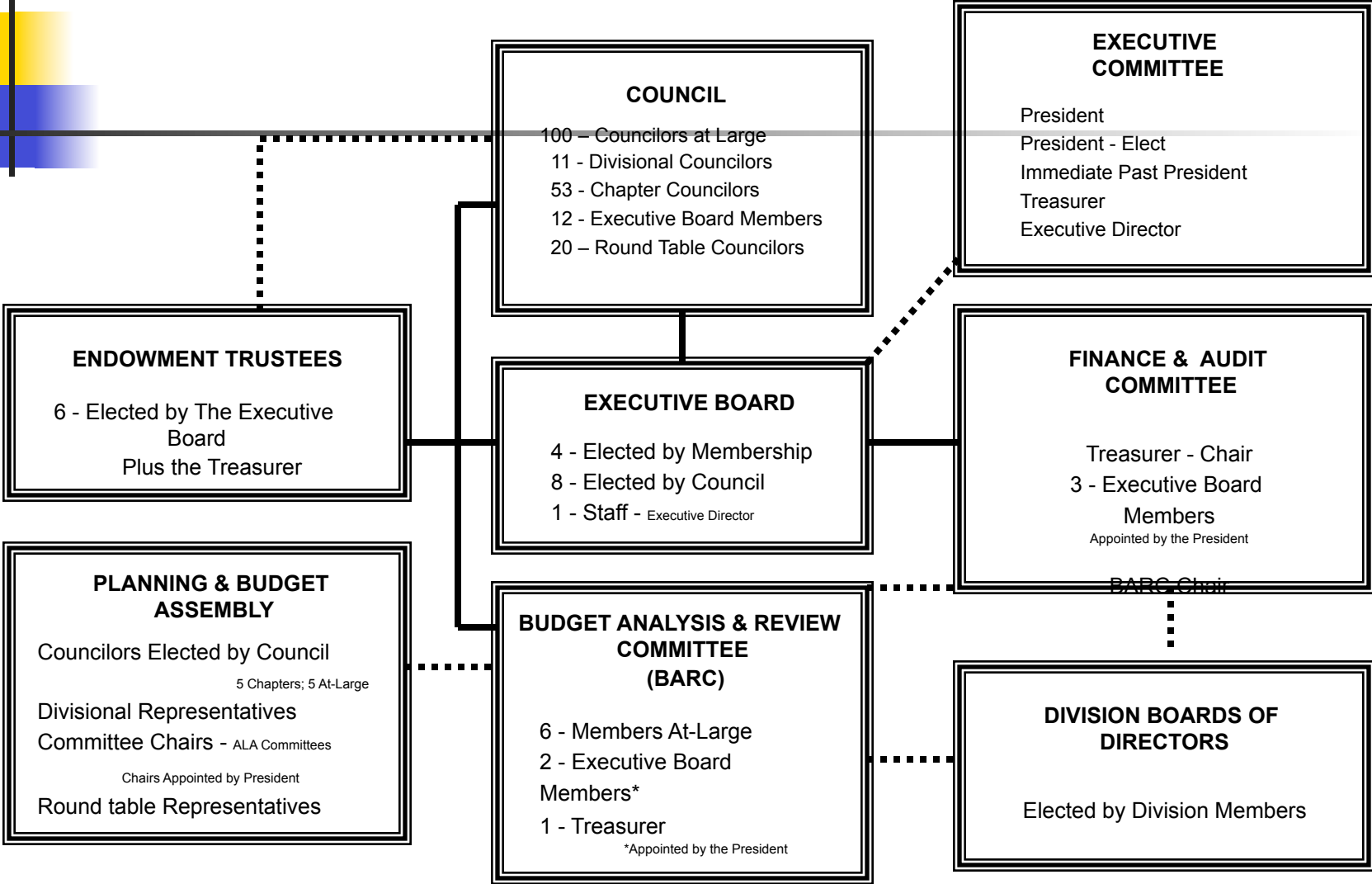
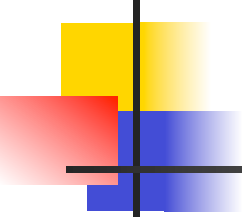


# The Process of Collaboration

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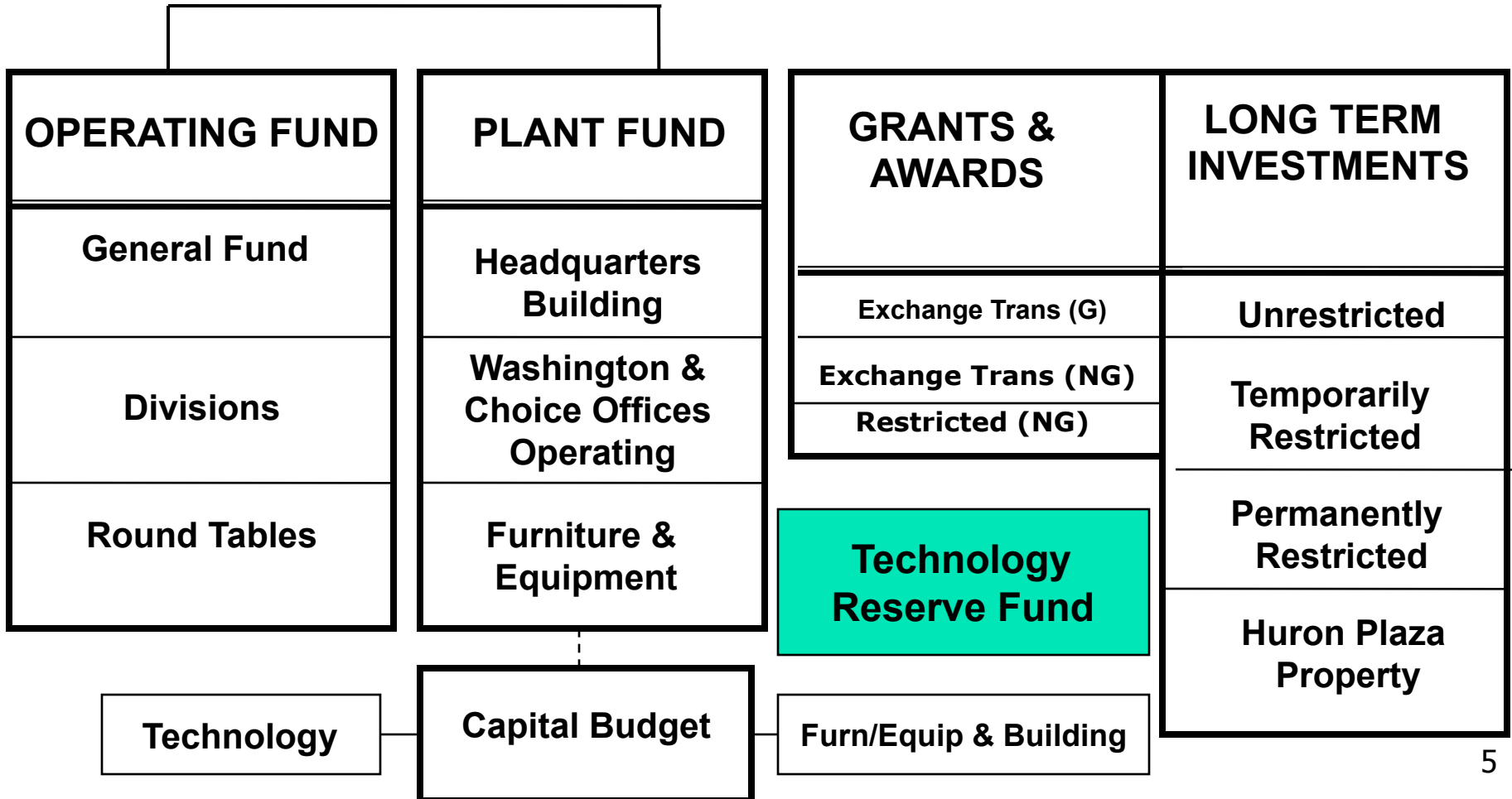
- Starts with the Strategic Plan and its Development
- Aligning Budgets and Activities with the Strategic Plan
- Planning & Budget Assembly
- Division/BARC Meetings
- Division Representation on BARC
- Open Lines of Communication with all BARC Members

# ALA Decision-Making Process



# ALA FUND STRUCTURE

TOTAL ALA Budget





# FY13 Operating Budget

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*-How did we get here?-*



# Total ALA Fiscal Year 2014 Budgetary Ceiling

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Net Assets

(Unexpended balance remaining from FY 2013)

+

Revenue

(Anticipated for FY 2014)

=

Budgetary Ceiling

# Total ALA Fiscal Year 2013 Budgetary Ceilings @ AC12

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General Fund	\$31,640,176
Divisions	26,096,714
Round Tables	1,573,799
Grants & Awards	6,285,991
Long Term Investments	<u>936,716</u>
Total ALA Budgetary Ceiling (2013)	\$66,533,396
Total ALA Budgetary Ceiling (2012)	\$62,912,676



# Implementation of Expense Reductions

- *General Fund*

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**Projected Deficit (2/13) - \$1.9 million**

**Senior management and staff reviewed all aspects of the ALA operation. Upon doing so revenues were projected through the end of the fiscal year and a number of areas where it is believed that cost savings can be realized were identified. BARC, F&A and the Executive Board reviewed, discussed and supported management's recommendations.**

# Identified Expense Reductions FY13

- Projected Deficit (\$977,268) Before Expense Reductions

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Accounting Adjustments	\$	315,772
Publishing Related Savings	\$	162,568
Staffing and Salary/Other Related Savings	\$	146,593
Contingency and Growth Fund	\$	125,000
Committee /Board Expenses	\$	96,316
Maintenance Reduction	\$	70,000
Other	\$	<u>61,019</u>
Total	\$	977,268

# Identified Expense Reductions FY14

- Projected Deficit (approximately \$2.8 million) Before Expense Reductions

Staffing and Salary/Other Related Savings	\$	2,030,000
Conference Registration (+)	\$	100,000
Dues Increase (+)	\$	80,000
Business Related	\$	230,000
Grant Overhead (+)	\$	100,000
Committees	\$	85,000
Building Maintenance	\$	70,000
Contingency	\$	50,000
Small Division Subsidy	\$	50,000
Division Support	\$	16,500
Other	\$	<u>50,000</u>
Total	\$	2,861,500



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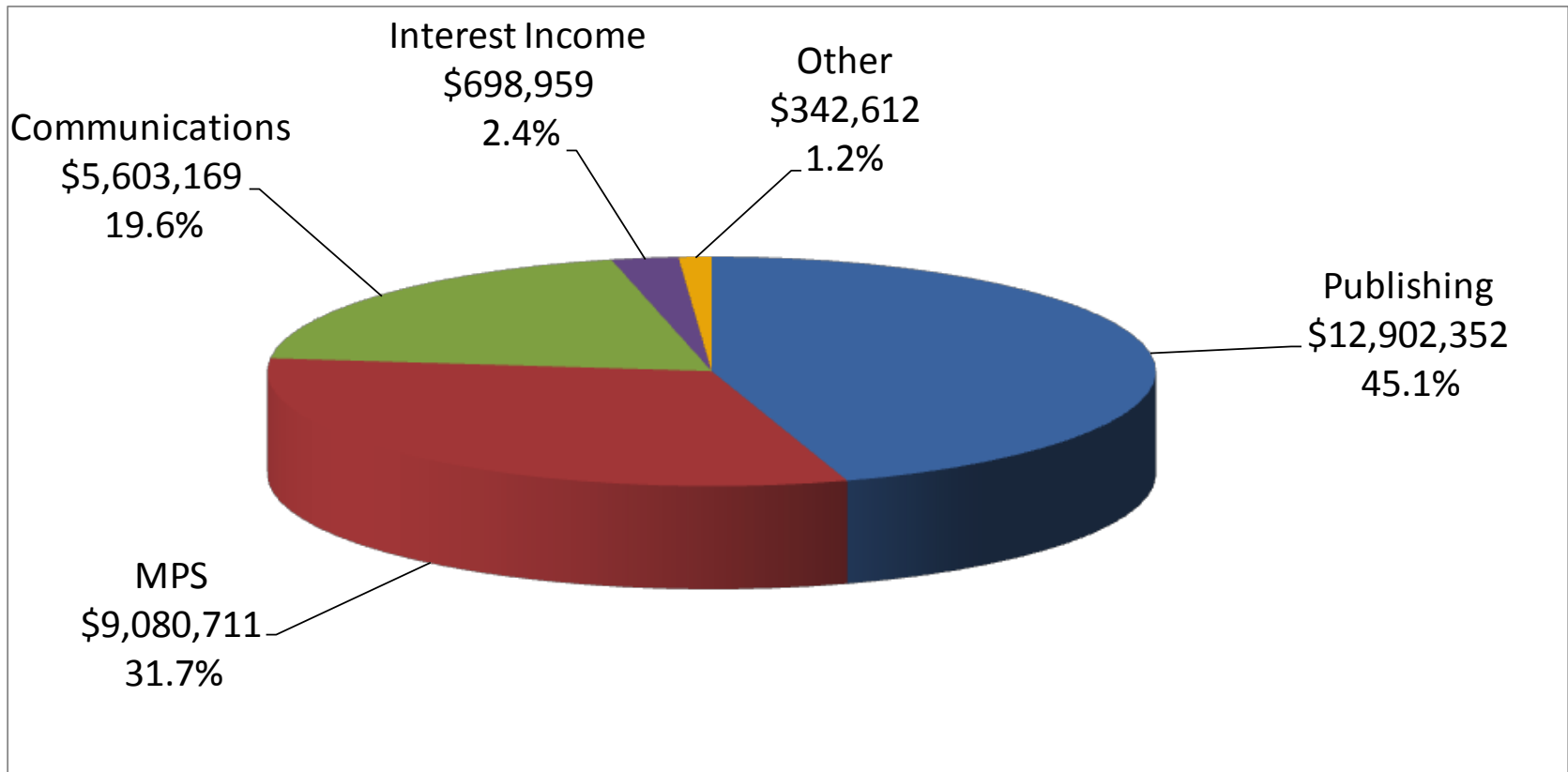
# Preliminary Financial Results\*

- FY 2013 -

\*Third Close

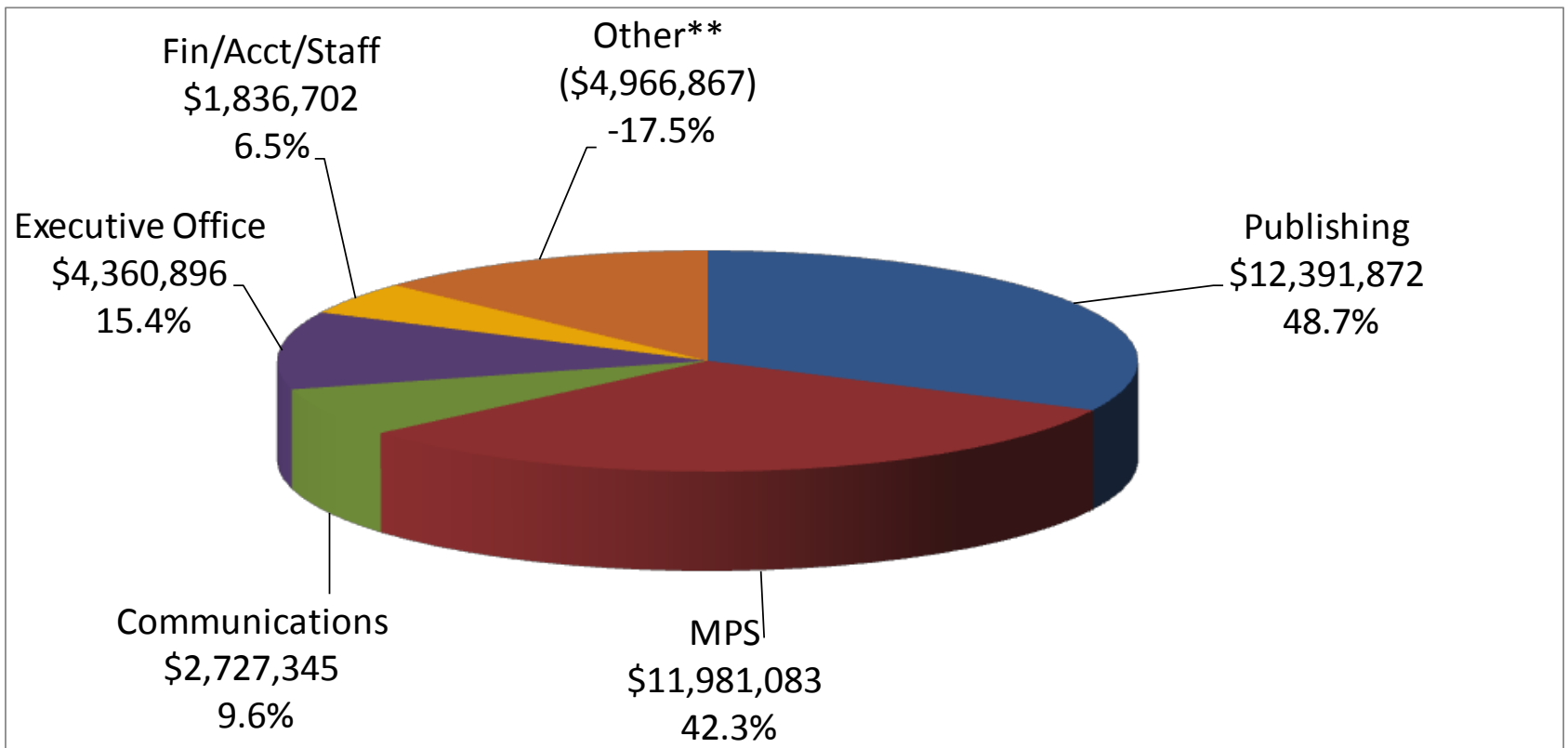
# FY13 General Fund Revenues

\$28,627,803\*



# FY13 General Fund Expenses

\$28,331,031\*

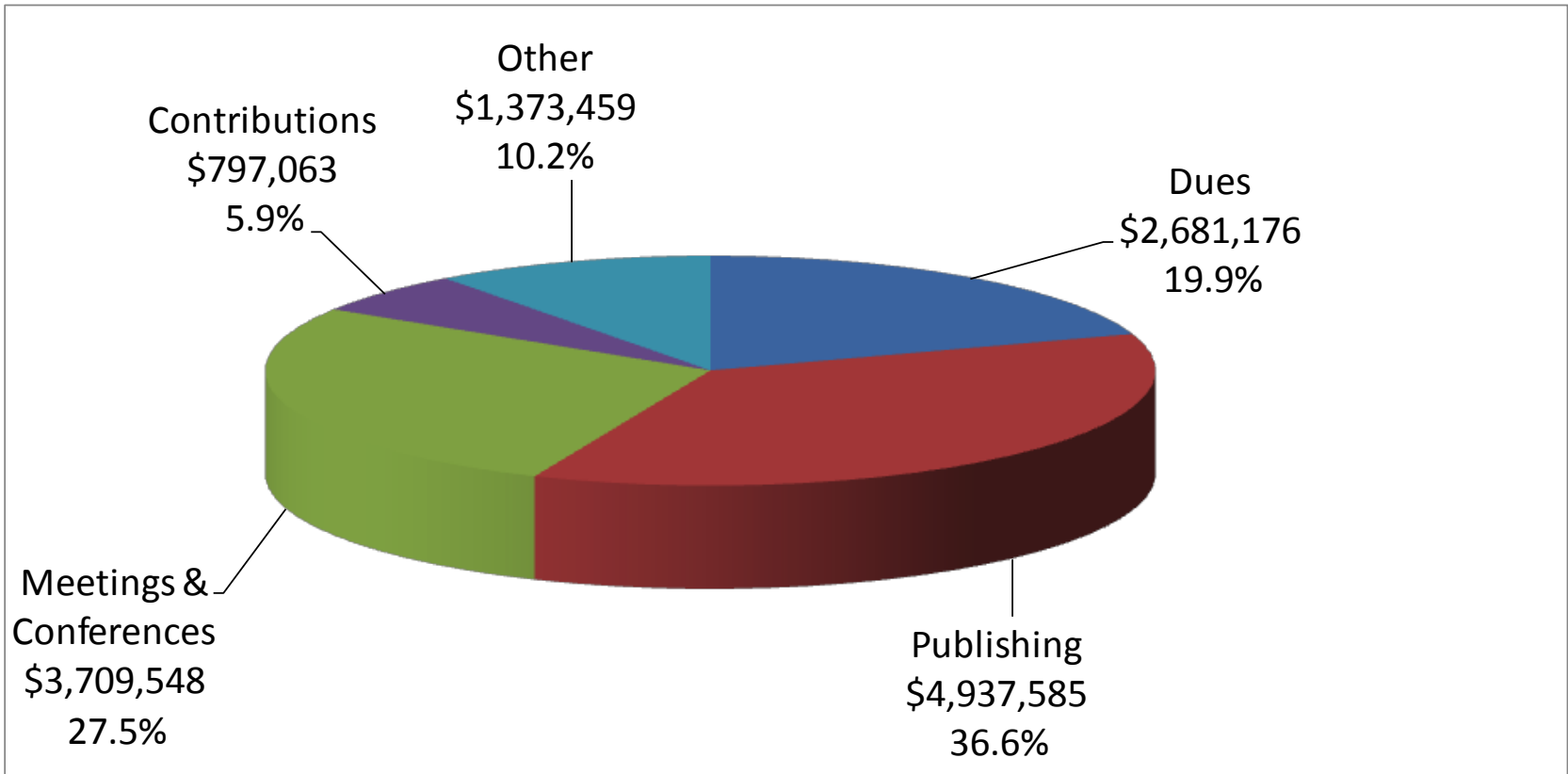


\*Preliminary third close – FY13

\*\*Includes Overhead Recovery

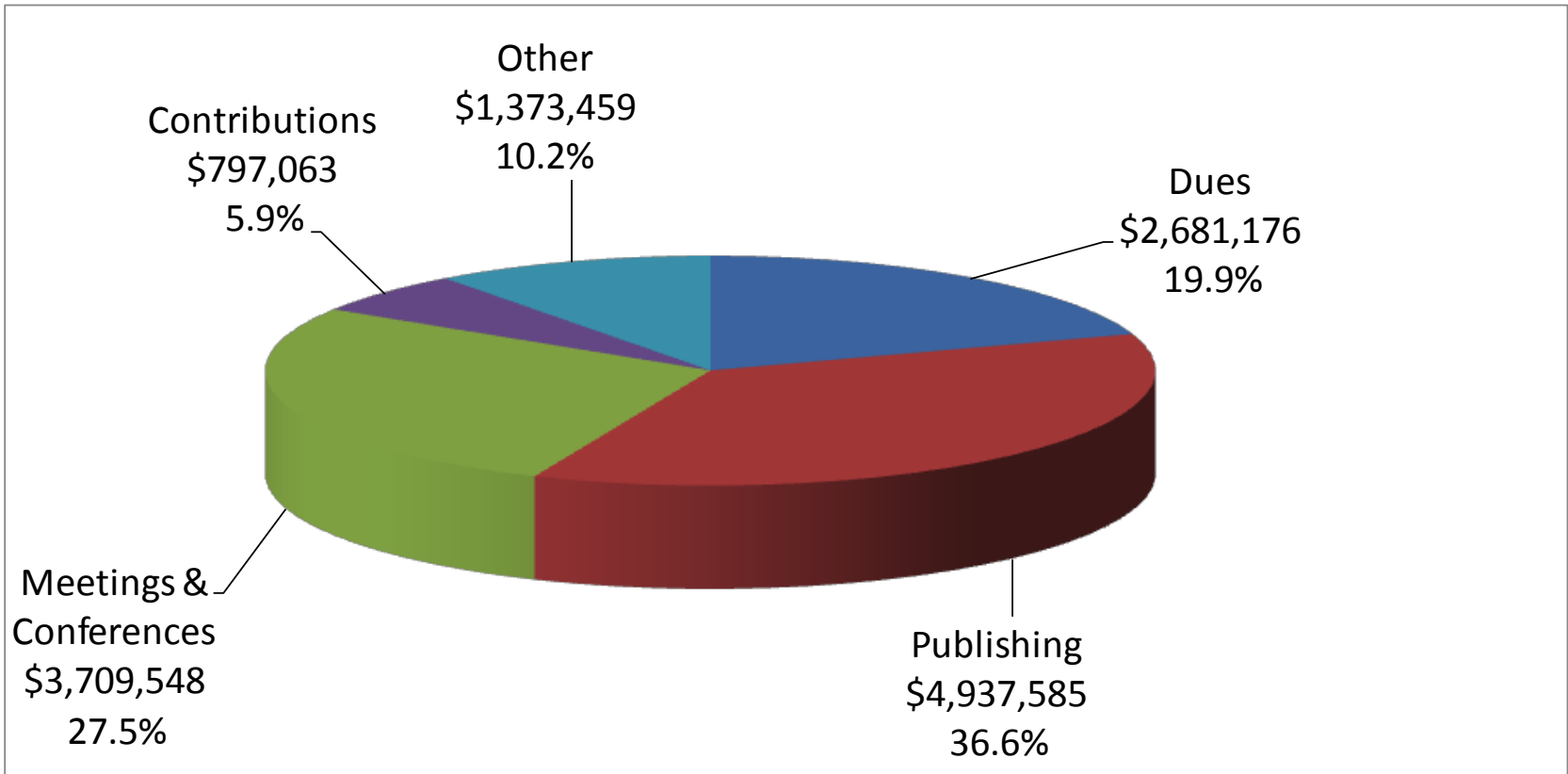
# FY13 Division Revenues

\$13,507,610\*



# FY13 Division Expenses

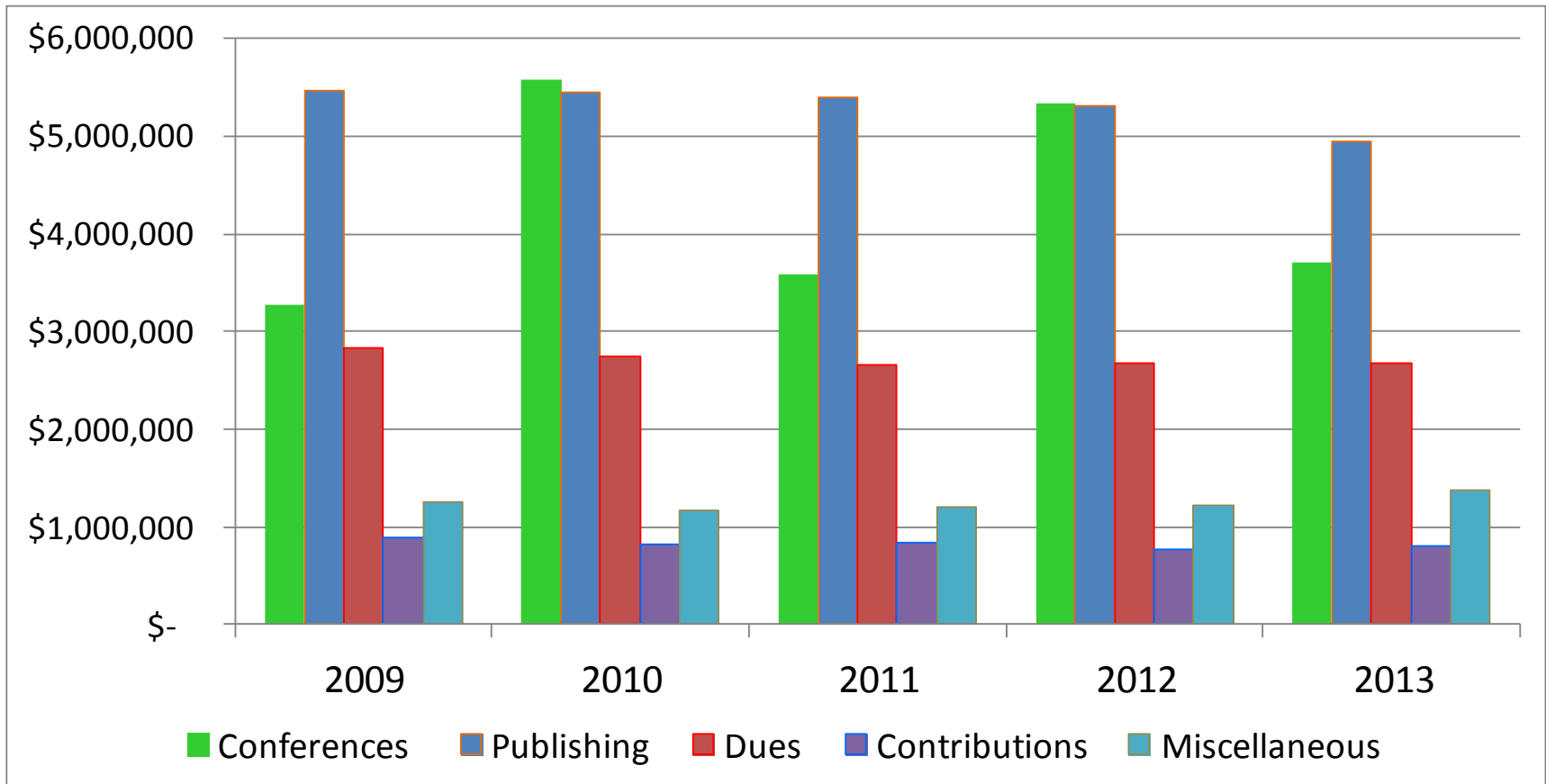
\$13,584,533\*





# Division Revenues Categories

(FY2009 – FY2013)





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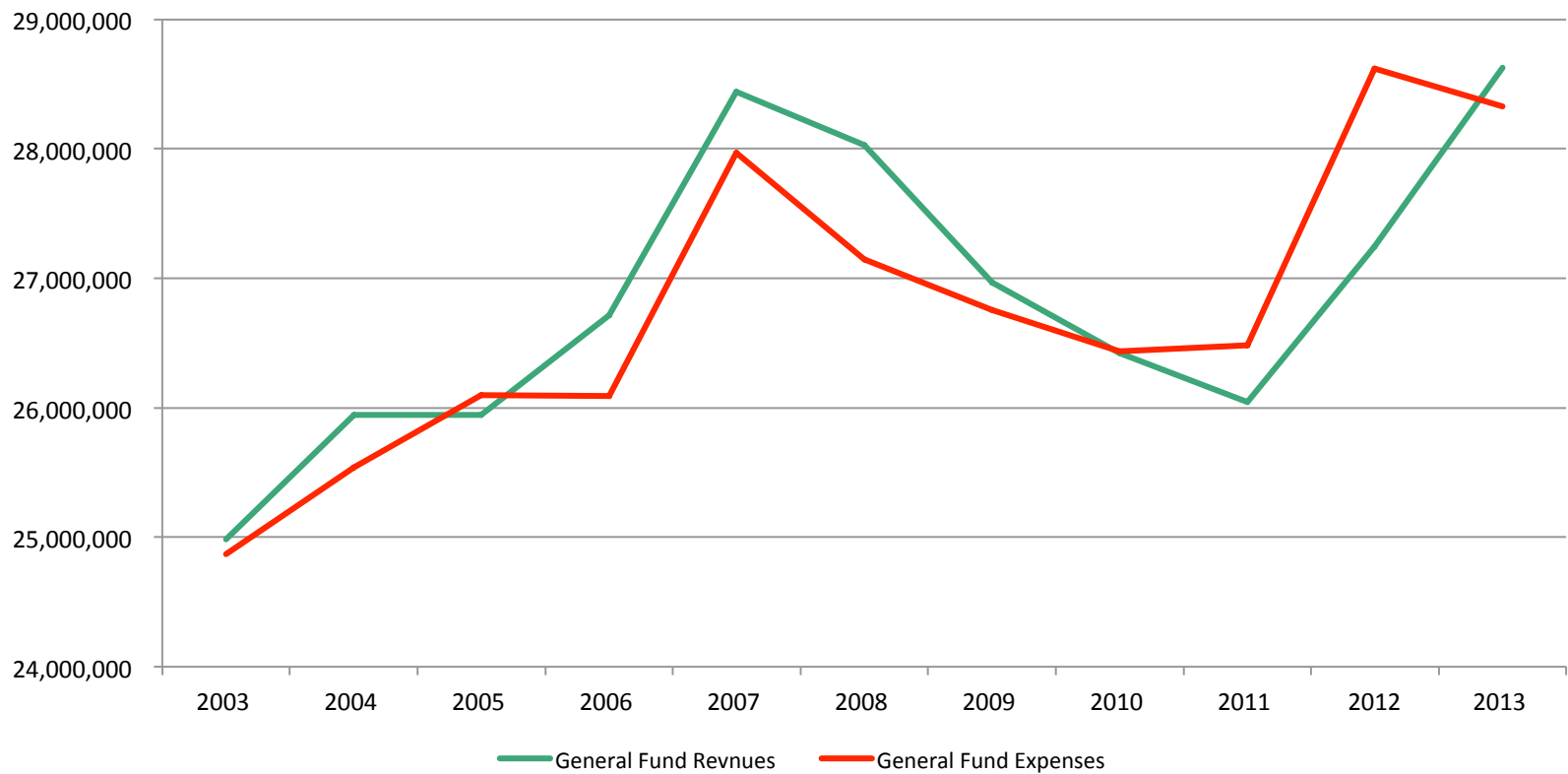
# Important Long-Term Trends

*- Revenues and Expenses -*

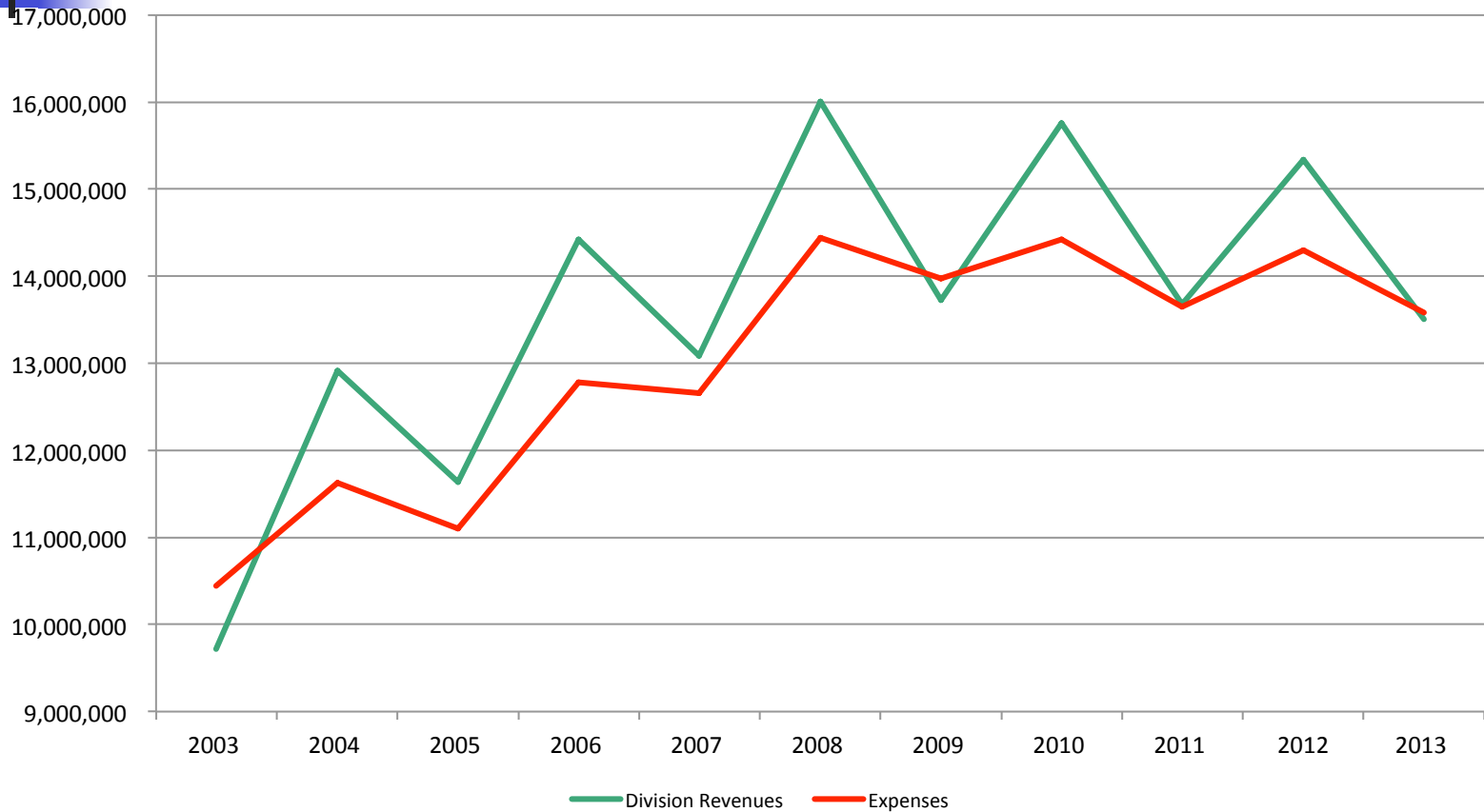
# ALA Total Revenues and Expenses



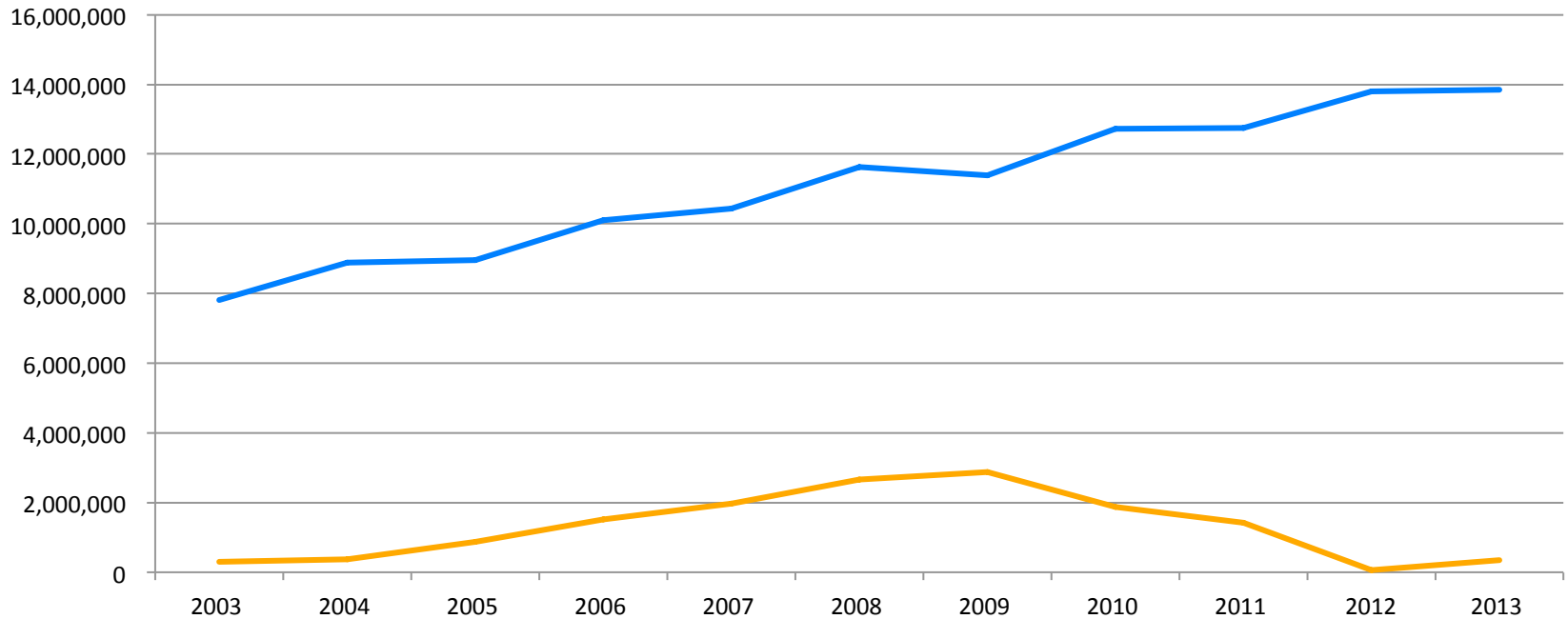
# General Fund Revenues and Expenses



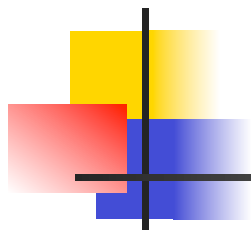
# Division Revenues and Expenses



# Division and General Fund Net Asset Balances



— Division NAB — General Fund NAB



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# The Long-Term Investment Fund

- Endowment Fund -



# Long-Term Investment Fund

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**\$34,412,337 @ August 31, 2013**

- \$32.6 million at End of FY12 -
- \$5.9 million in Division Funds -

- Growth in value through managed investments
- Transfers from operating net asset balances
  - Placeholders allowed for FY15 budgets but still being evaluated by management
- New gifts and contributions





# BARC and Its Responsibilities

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*How Does BARC Do Its Business  
And What Is Its Role?*



# ALA's Financial Value Proposition

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“To develop and deploy the financial resources that support the strategic plan and deliver programs responsive to member needs and the improvement of library service.”

# ALA Programmatic

## Priorities — *Aligned with the FY 2014 Budget*

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- Diversity
- Equitable Access to Information and Library Services
- Education and Lifelong Learning
- Advocacy for Libraries and the Profession
- Literacy
- Organizational Excellence
- Intellectual Freedom
- Transforming Libraries



# Budget Analysis and Review Committee

(BARC Charge)

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The Budget Analysis and Review Committee (BARC) is charged to review the proposed budget, as forwarded by the ALA Executive Board, in the context of the ALA strategic plan, annual priorities and budget assumptions. To review the financial performance of the Association and the budget impact of potential actions of the ALA Council. To make budget recommendations to the ALA Executive Board and to report to Council regarding budget analysis and the process.



# BARC Role and Responsibility

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- Committee of Council
- Review proposed ALA budget
- Review current financial performance
- Make and report budget recommendations to Executive Board
- Review financial impact of referrals from Council
- Facilitate discussion in role as a liaison
- Nurture relationships with Finance & Audit, Executive Board, Council and Member Leaders
- Reports to Executive Board & Council



# BARC and the Divisions

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- Each Division Assigned a BARC Liaison
  - Budget Review
  - Resource on ALA Financial Policy, Process and General Practices
  - Communication Link Between BARC and Division
  - Available to Attend Division Meetings at Conference



# Role as a BARC Liaison

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Must gain an understanding of the plan, operations and activities of the units as they relate to budget development

Develop and maintain a working relationship with the ALA staff liaison assigned to your units, as well as, the member unit or member leader

Must encourage and ensure open and two-way communications

Provide information and or advice, as necessary, on the ALA budget process, ALA financial policies etc.

Make sure that you and the committee are speaking with one voice

Act as a sounding board for ideas, concerns etc. from the unit to BARC and as necessary from BARC to the unit

Be willing to critically analyze the budget information you receive and assist in the unit's budget presentation at the spring BARC meeting

Be an active participant in BARC organized activities i.e. Planning and Budget Assembly, "Best Practices" workshop etc. and encourage the unit to participate



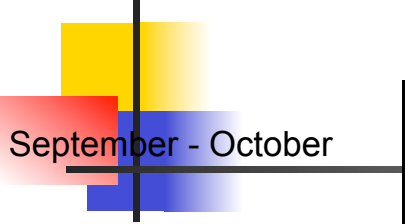
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# ALA Budget Development

*- What is the Process? -*

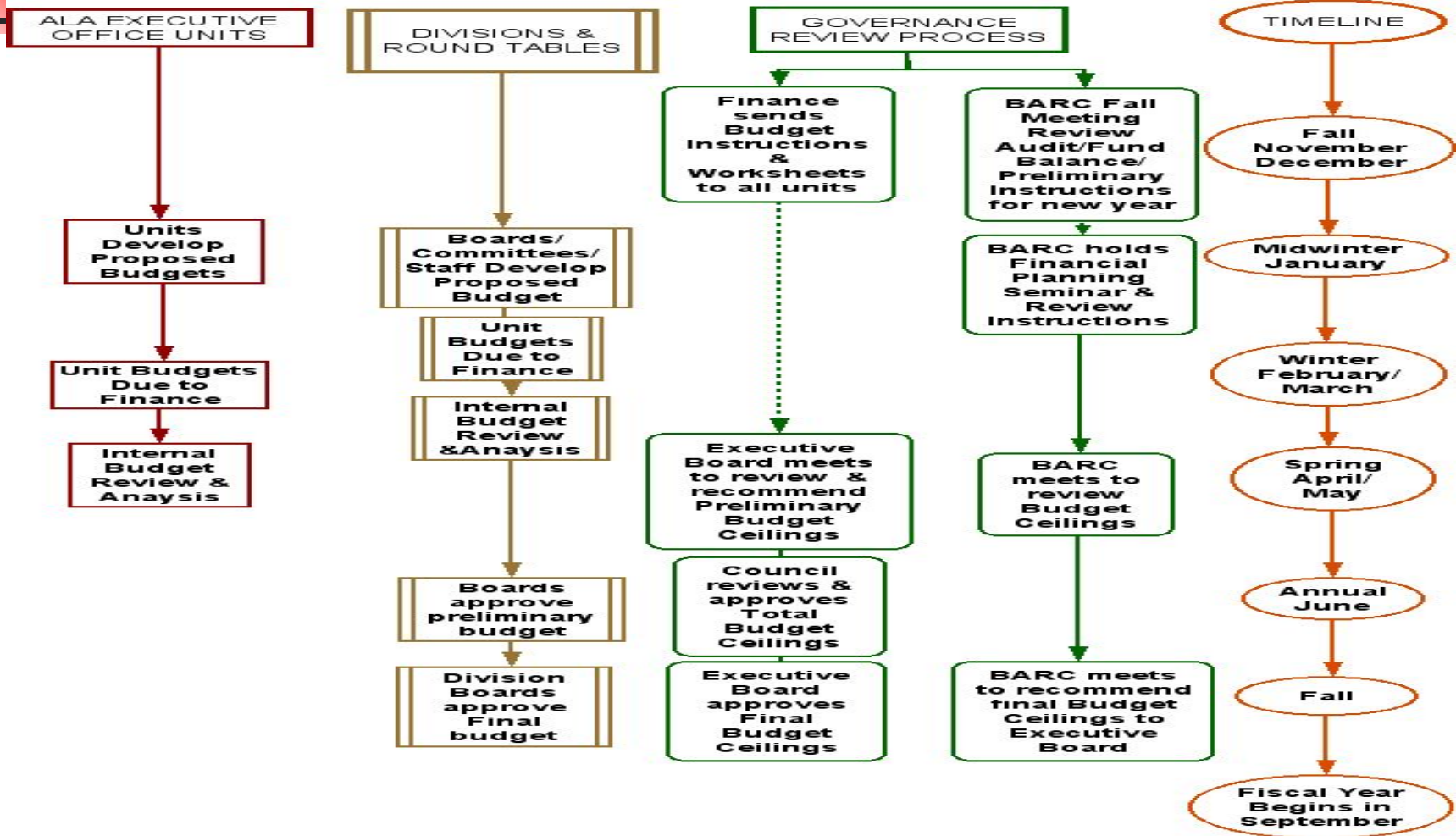


# Annual Budget Planning Calendar



September - October	ALA management reviews the strategic focus of the Association.
October - Fall Board Mtg.	The Executive Board reviews the strategic plan as presented by the Executive Director/ Senior Management and further defines the strategic focus resulting in the broad programmatic objectives. The Executive Board and BARC review and approve the Division's final Budgetary Ceiling for the current year.
Midwinter Meeting	The Executive Board - Treasurer - presents the broad programmatic objectives to Council for approval. BARC monitors the current budget. President-Elect proposes presidential program budget.
January	ALA staff prepares the Annual budget based on the broad programmatic objectives.
March - April	Budget meetings for ALA and the Divisions are held.
April - May	The Executive Board receives from staff - Senior Management - the preliminary budget for a high level review, which is then forwarded to BARC for a detailed review and analysis.
May - June	Staff – unit managers and senior management - updates the budget based on spring meeting and current year end projections.
Annual Conference	Executive Board approves the budget. Council approves the budgetary ceiling. Division Boards approve their budgets.
August - September	Staff begins preparation for next year's budget and three - year financial plan.

# Timeline of Budget Process



# Spring Meeting Preparations

## - ALA Budget Process -

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- Staff receives budget instructions for the new budget year to begin development process in November\*
- Staff confers with member leaders regarding ALA's budget assumptions and upcoming unit plans for the new year\*
- Staff prepares the preliminary budget and presents at budget hearings, which are held in February/March
- BARC will receive (March) from the ALA Budget Director the proposed budgets for each of their assigned units
- BARC will review, analyze and critic each budget i.e. test the assumptions and proposed activities\*
- BARC contacts assigned ALA staff liaisons to discuss and review the proposed budgets
- The BARC liaison will present, along with the unit director, a summary of the proposed budget to BARC



# BARC and the Divisions

- Opportunities to Connect -

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- BARC/Division Leaders Joint Meeting at Conferences (Sunday Afternoon – AC/MW)
- Planning and Budget Assembly at Conferences (Sunday Afternoon – AC/MW)
- Best Practices Financial Workshop at Midwinter (Friday Afternoon - MW)
- Treasurer's Page on ALA Website
- ALA Financial Learning Series – Treasurer's website
- ALA Connect