Council Financial Orientation

- The ALA Budget and Decision-Making Process -

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Philadelphia, PA
The Financial 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 Estimates of Income
Sources of ALA Revenue

- Dues: 18%
- Publishing: 36%
- Meetings & Conferences: 24%
- Grants & Awards: 10%
- Interest & Dividends: 3%
- Other: 6%
- Donations: 3%
Where Does Your ALA Dollar Go?

14% Advocacy for Libraries and the Profession
12% Information Policy and Intellectual Freedom
40% Professional and Leadership Development
13% Equity, Diversity, and Inclusion
21% Member Engagement and Support
ALA Operating Structure

OPERATING
- General Fund
- Divisions
- Round Tables

CAPITAL
- Headquarters Building
- DC & CHOICE Offices
- IT, Furniture & Equipment

GRANTS & AWARDS

ALA ENDOWMENT

CAPITAL PROJECTS
The ALA Strategic Directions & Five Year Financial Plan

How Do We Achieve the ALA’s Mission and Fund It?

Guided by ALA’s Mission and Strategic Directions, the ALA Five Year Financial Plan and Annual Budget act as ALA’s financial “roadmap”
Who are Key Stakeholders in Development of ALA Budget?

- **Broad Overview**
  - Strategic Plan
  - Senior Management
  - Planning & Budget Assembly
  - Member Leaders

- **Governance View**
  - Executive Board
  - Council
  - BARC
  - Finance & Audit Committee

- **Staff View**
  - Divisions
  - Round Tables
  - Committees
  - Departments
  - Units
Budget Analysis and Review Committee

- BARC -

• ALA Council standing committee
  - six members at large from general membership
  - two members from Executive Board
    - ALA Treasurer is a member

• Has primary responsibility for detailed review and monitoring of budget

• Charged to review proposed budget as forwarded from Executive Board in spring

• Reviews current year's budget financial performance

• Reviews resolutions from Council that may have potential financial implications

• 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
• BARC works closely with Resolutions Committee to provide a transparent review process for resolutions
• BARC reports to Council on findings of financial impact analysis
• **Recent Council Referrals to BARC**
  • Roadblocks to Diversity Leaderships
  • Fossil Fuel Investments in ALA Endowment
ALAs Annual Budget Process
How Do We Set Priorities and Allocate Resources Annually?

With the dual goals of mission attainment and financial sustainability, the process for FY19 began in Oct-Dec 2017 (1st Quarter FY18)
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
The ALA Operating Agreement

• Establishes a shared responsibility for the management of the Association
• Adopted in 1976 by ALA Council, revised in 1982
• Framework for ALA General Fund and Divisions to function together effectively and efficiently
• Divisions have the autonomy, independence and freedom to pursue goals and objectives specific to them
• Collaboration/Cooperation is our primary priority as ALA and its Divisions have opportunities...to stimulate and build on each other’s strengths
An Important Aspect of the Operating Agreement

The Overhead, AKA Indirect Cost Rate

• Covers mandated central services i.e. Human Resources, Accounting, Building, Office Space, Legal etc.

• The rate is calculated annually in Spring/Early Summer via a financial model

• The calculation is determined by taking the indirect costs generated by the model for ALA’s revenue generating units - Conferences and Publishing divided by their revenue

• Currently 26.5%
Strategic Budget Investments

• Enhance fundraising capacity
  ✓ Reallocate existing staff positions to support 2.5 additional FTE
  ✓ Major gifts director, prospect researcher and support

• Support 21st century advocacy efforts
  ✓ CRM (customer relations management) system for advocacy information
  ✓ Support for enhanced outreach and engagement including “fly-in” event early in budget season for strategic legislative contacts

• Strengthen IT infrastructure and services
  ✓ First year of three-year planned investment for capacity and customer service
  ✓ Improved access to services, communication and information for members, staff and public
Additional Useful Resources

- Member Leaders
  - Treasurer  Maggie Farrell
  - BARC Chair  Peter Hepburn

- ALA Staff
  - Executive Director
  - Division Executive Directors
  - CFO and ALA Finance Staff

- Online Webinars and Other Training
  - [www.ala.org/aboutala/governance/financialdata](http://www.ala.org/aboutala/governance/financialdata)
  - [http://www.ala.org/aboutala/treasurerspage](http://www.ala.org/aboutala/treasurerspage)