



# **BUDGET COMMITTEE MANUAL**

Revised October 2017

**ALSC BUDGET COMMITTEE MANUAL  
TABLE OF CONTENTS**

<b>PART I: BACKGROUND INFORMATION</b>	
Introduction: How Does the Budget Committee Serve ALSC Membership?	3
Committee Function Statement	3
Committee Composition & Term	3
Why Join the Budget Committee?	3
<b>PART II: COMMITTEE WORK</b>	
ALSC and ALA: How the ALSC Budget Fits into the ALA Framework	4
ALSC Budget Process	4
Calendar	6
<b>PART III: ROLES &amp; RESPONSIBILITIES</b>	
Committee Chair	8
Fiscal Officer	8
Committee Members	8
ALSC Board	9
ALSC Executive Director	9
ALSC Priority Group Consultant	9
ALA Finance & Accounting Staff	9
ALA Budget and Review Committee (BARC)	10
ALA Executive Board	10
<b>PART IV: GLOSSARY</b>	11
<b>APPENDIX</b>	
Appendix A: Introduction to ALSC Budget Narrative Board report	
Appendix B: Sample Children’s Library Services Endowment flyer	

## **PART I: BACKGROUND INFORMATION**

### **Introduction: How Does the Budget Committee Serve ALSC Membership?**

The ALSC Budget Committee serves the ALSC Membership by reviewing the budget and acting as a member-driven steward of the financial assets of the organization. The Budget Committee is part of Priority Group IV–Organizational Support.

### **Committee Function Statement**

To advise the ALSC Executive Director in preparation of an annual budget based on priorities established by the board; to submit the budget to the ALSC board for approval; to review for the ALSC board division activities for fiscal implications; to review for the ALSC board, on a regular basis, the dues structure and to prepare and submit to the ALSC board periodic analysis of the finances of the division; to review annually at Midwinter Meeting the ALSC goals and objectives; to review ALSC’s fiscal relationship to ALA and other divisions and to act as liaisons for the ALSC board to the planning and budget assembly.

### **Committee Composition and Term**

The Budget Committee consists of a chair, appointed for two years (with the option to be reappointed) from among the members with Board or Budget committee experience and familiarity in fiscal management; three members appointed from the ALSC membership at large and serving two-year terms; the Fiscal Officer; and the Past President. The Executive Director and Vice President are ex-officio members.

### **Why Join the Budget Committee?**

Why join the Budget Committee? Why not? The ALSC Budget Committee gives members an insider’s view of how ALSC operates, what the Division priorities are, and ALSC’s fiscal relationship to ALA. Working on the Budget Committee is a wonderful professional development growth opportunity to learn more about the budgeting process and where all the programs and services of ALSC fit in. Working with so many of ALSC’s leaders also gives committee members a great chance to learn from the best!

## **PART II: COMMITTEE WORK**

### **ALSC and ALA: How the ALSC Budget Fits into the ALA Framework**

ALSC is a division of the American Library Association. Divisions are authorized by the ALA Council, which is the governing body of ALA, to speak on ALA's behalf in their designated areas. ALSC members must be members of ALA first, and ALSC staff are ultimately ALA staff. ALA and its divisions share many common support services, including HR, legal representation, IT, the Public Information Office, the Intellectual Freedom Office, ALA Publishing Services, and many others. The relationship of the divisions to ALA, including divisional budgets, is set out in section A.4.3.4.1 of the ALA Policy Manual. This section is colloquially known as the "Operating Agreement." Basically, divisions are responsible for generating enough revenue to cover their own staff salaries and benefits, office supplies, and programs and services; ALA is responsible for paying for operations of the common support services noted above. Divisions pay a percentage of their gross revenue to ALA in "overhead" to defray those general expenses.

Division budgets are subsets of the ALA budget; all financial assets are managed together and all ALA endowments are managed together as one. ALA's financial assets are divided into "funds" (by division, round table, general fund, etc.) and even further into projects within each division, round table, etc. The ALSC Board has initial fiduciary oversight of the ALSC funds, and the ALSC Executive Director is responsible for preparing, monitoring, and managing the ALSC budget. Once ALSC, or any division, has approved a budget, it moves further up the food chain for approval by ALA itself. The ALA Executive Board (elected from among members of the ALA Council) has the ultimate fiduciary oversight of all ALA financial assets.

### **ALSC Budget Process**

Current budgetary procedures require that ALSC's budget must be in line with a budgetary ceiling set by BARC (ALA Budget Analysis and Review Committee) based on the previous year's net asset balance, plus expected revenues, and in keeping with ALA's strategic priorities. The preliminary proposed budget for each upcoming fiscal year is developed by the ALSC Executive Director prior to the Midwinter Meeting, then discussed by the Budget Committee and approved by the ALSC Board during Midwinter. Following Midwinter, it is submitted by the ALSC Executive Director to the ALA Director of Planning and Budget.

Between March and May, the ALA Executive Director, ALA Associate Executive Director for Finance, and BARC review the budget with division Executive Directors to assure that it is within overall general ALA policies and guidelines. BARC reviews the compiled preliminary proposed budget at its spring meetings, and presents its recommendations to the ALA Council and Executive Board at the Annual Conference. Changes to the budget may be made during Annual; when it is approved the budget becomes "proposed" rather than "preliminary proposed." At each step (Midwinter, spring meetings, and Annual Conference), the budgetary ceiling is reviewed. The ALSC Board gives final divisional approval of the ALSC budget at the

Annual Conference, making any amendments it desires at that time; following Annual the ALSC Executive Director submits such changes to the ALA Director of Planning and Budget for compilation into the overall ALA budget. The fiscal year begins on September 1.

### **Budgetary Procedure**

1. The Vice-President (President-Elect), the President, the Fiscal Officer, and the ALSC Executive Director discuss expected budgetary needs and procedures at the fall meeting. These are communicated to Chair of the Budget Committee by the Fiscal Officer.
2. The Executive Director, (with the advice and assistance of the Budget Committee Chair and the Fiscal Officer, as needed) prepares a preliminary draft budget based on budget assumptions provided by the ALA Director of Planning and Budget, and Board-defined strategic priorities:
  - ongoing activities, that merit continuation
  - new activities, that merit implementation
  - estimated increases and additional needs for personnel, salaries, technology and equipment, paper, printing, postage, telephone, *Children & Libraries Journal* and newsletter, etc.
  - Estimated travel needs
  - Special projects
  - Other
3. The ALSC Budget Committee reviews the preliminary proposed budget during the Midwinter Meeting and formulates recommendations for the ALSC Board.
4. The Budget Committee Chair presents the draft preliminary proposed budget to the ALSC Board for discussion and approval at the division level during Midwinter.
5. Following Midwinter, the ALSC Executive Director submits the approved preliminary proposed budget to the Director of Planning and Budget who compiles it into the overall ALA budget.
6. During spring meetings, BARC, the ALA Executive Board, the ALSC Executive Director, and senior ALA staff review the preliminary proposed budget as to conformity with ALA general policies and guidelines, and strategic priorities.
7. If the budget must be adjusted within the period between Midwinter and final approval (due to previously unknown price or salary increases, overhead rates, or other items), the Executive Director confers with the Chair of the Budget Committee and/or the Executive Committee (including the Fiscal Officer). All budgetary adjustments are made within the guidelines of priorities established by the Board.
8. The budget, with any changes, is discussed by the ALSC Budget Committee and presented to the ALSC Board at the Annual Conference; the ALSC Board approves it on the divisional level, and its status becomes “proposed” budget rather than “preliminary proposed.”
9. The fiscal year begins on September 1, and the process begins again.

## ALSC Budget Committee Calendar

Month	Responsibilities
August	Executive Director prepares monthly allocations for incipient fiscal year.
September	Quarterly report due from Budget Committee Chair to Board, PGC. The ALA fiscal year begins on 9/1. First closes begin for the fiscal year that just ended on 8/31.
October	Second close of the prior fiscal year. Executive Director provides budget summary on first close for ALSC Executive Committee meeting. ALA audit period begins.
November	ALSC Executive Director receives final audited results from the previous fiscal year from ALA finance staff and begins to prepare budget reports and preliminary proposed budget recommendations for discussion at Midwinter.
December	Quarterly report due from Budget Committee Chair to Board, PGC. Submit Conference Agenda and Post to ALA Connect.
December/January	Final prior year close; ALA audited financial statement available.
January <u>ALA-Midwinter</u>	ALA BARC Financial Planning Seminar–Friday afternoon. ALSC Leadership Meeting–Saturday morning. ALSC Budget Committee Meeting #1–Sunday morning. ALA BARC/Division Leaders–Sunday afternoon. ALSC Executive Director provides ALSC Budget Committee, and through this committee to the ALSC Board, a report on the final audited results of the previous fiscal year’s budget, a report on the status of the current fiscal year budget (comparing it to the prior year), and a preliminary proposed budget to approve for the upcoming fiscal year. ALSC Budget Committee discusses and presents preliminary proposed budget to ALSC Board. ALSC Board Meeting–Monday afternoon. ALSC Board may make changes or may vote to approve the preliminary proposed budget as submitted.
February	Midwinter report due from Budget Committee Chair to Board, PGC. ALSC Executive Director submits the preliminary proposed budget to ALA finance staff, which compiles it into the overall ALA budget. Chair reminder to PGC's and Committees that funding request under \$500 may be submitted via the form “Requests for

	Additional Committee Operational Funds” and larger requests should be submitted via the Board Action Request form. Additionally, the year-end report (due May 15) is an opportunity to request funding for use in the next fiscal year.
March	ALA senior staff meeting with ALSC Executive Director to review ALSC budget.
April	BARC spring meetings. ALSC Executive Committee call with budget summary report on the agenda.
May	Quarterly report due from Budget Committee Chair to Board, PGC. Chair submits AC agenda and posts to ALA Connect. In preparation for Annual Conference, the ALSC Executive Director may discuss recommendations regarding updates to the preliminary proposed budget with the ALSC Fiscal Officer, Budget Committee Chair, and/or Executive Committee. The ED will prepare budget documents for sharing at the conference.
June <u>ALA - Annual *</u>	ALSC Leadership Meeting–Saturday morning. Budget Meeting #1–Sunday morning. ALA BARC/Division Leaders–Sunday afternoon. Budget Meeting #2–Monday afternoon. ALSC Board Meeting–Tuesday afternoon (updated budget presentation to the Board).
July	Annual Conference reports due from Budget Committee Chair to Board, PGC. New committee members begin. Budget Committee Chair writes thank-you notes to outgoing members.

**\*Please note: Specific meeting times at Midwinter Meeting and Annual Conference may change. Please always check the schedule for every conference for the most up-to-date meeting information.**

## **PART III: ROLES & RESPONSIBILITIES**

### **Committee Chair**

The Budget Committee Chair is responsible for reviewing and presenting the budget proposals to the Board of Directors. The Chair arranges meetings and prepares the agendas for the Midwinter and Annual Conferences where the committee will discuss the preliminary proposed and proposed budgets, checking for alignment with the strategic plan and board priorities as well as any other fiscal concerns. The chair attends the BARC and PBA meetings as a representative of ALSC and uses the information from these meetings to inform the recommendations to the Board. The Chair may call for an online meeting to discuss fiscal issues as they arise.

In addition, the Chair is responsible for the regular responsibilities of managing committee members, timely communication between the committee, uploading agendas and minutes to ALA Connect, and publicizing the availability of special funds to other committees.

The Chair should educate her/himself on ALA and ALSC budget practices and issues, especially with regard to the relationship of the divisions to ALA; in addition to the ALA meetings noted above, the Chair may wish to monitor the ALACOUN electronic discussion list (available at <http://lists.org.ala>.) on a read-only basis. The ALSC Division Leadership manual includes information about allowable expenses for all ALSC committees, and how committees should submit requests for additional funding, if desired.

### **Fiscal Officer**

The Fiscal Officer acts as a member of the ALSC Board of Directors, and the ALSC Executive Committee. The Fiscal Officer works closely with the Executive Director to develop budgets that reflect the Board priorities, the strategic plan, and ALA financial issues. The Fiscal Officer represents ALSC at ALA PBA and BARC/Division Leaders meetings at Annual Conference and Midwinter Meeting raising issues or concerns from the division. The Fiscal Officer assists the Board in financial decision-making and serves as the primary Board liaison to the Budget Committee, providing the reasoning behind the Budget Committee's recommendations, if needed.

### **Committee Members**

The three Budget Committee members work under the leadership of the ALSC Budget Committee Chair. The Committee members are responsible for reviewing the ALSC budget. The Budget Committee vets the preliminary proposed and proposed budget for the upcoming fiscal year and also reviews the current year's budget and makes recommendations to the ALSC Board. The Committee members are also responsible for periodically reviewing the dues structure. Committee Members may also be asked to assist with tasks outside of official committee meetings, such as creating flyers and ALSC Blog posts, or other related activities.

The ALSC Budget Committee also includes the ALSC Immediate Past President. The Vice President/President-Elect and the Executive Director are ex-officio members.

### **ALSC Board**

The Board of Directors reviews the budget proposed by the Budget Committee and evaluates each activity proposed in terms of its value to the division and to ALA using the strategic plan as a guide. The Board may ask for additional research or clarification in order to determine the benefit to the membership.

### **ALSC Executive Director**

The ALSC Executive Director is responsible for preparing, monitoring, and managing the ALSC budget. At any given time, this means paying attention to THREE budgets (the immediate past fiscal year, the current fiscal year, and the upcoming fiscal year). While there are deadlines throughout the year, including submitting budgets the ALSC Board has approved to ALA finance staff, there is a great deal of ongoing budget responsibility held by the ALSC Executive Director including tracking revenues and expenses that come via other ALA units such as publishing, among others.

The ALSC Executive Director is responsible for providing as timely, accurate, and complete budget information to ALSC members as is possible based on reports the ED receives from ALA finance staff. The ALSC Executive Director monitors trends and makes suggestions for changes to the upcoming year's budget; s/he also authorizes expenditures by staff and members within the approved current year's budget.

### **ALSC Priority Group Consultant**

The PGC serves as a liaison between the ALSC Board and Committee and will consult on procedural matters that arise during or between conferences. The PGC often attends the Budget Committee's meetings in order to inform the committee of issues or concerns that may have arisen during the conference. In addition, the PGC relays information to other PGCS and committees about funding availability.

The PGC also provides guidance on routine committee matters to the Budget Committee Chair.

### **ALA Finance & Accounting Staff**

ALA finance & accounting staff is responsible for supporting ALA member leaders' participation in the budget process by providing timely, accurate, and complete information about past financial results, the status of the current budget, and instructions for preparing upcoming years' budgets; and by arranging and participating in ALA budget discussions at Midwinter, Annual Conference, spring and fall Executive Board meetings, and in between meetings. They are also responsible for compiling divisional, round table, and other units' budgets into one

overall ALA budget, and for training and support of ALA unit managers (including division executive directors) in managing budgets at ALA.

### **ALA Budget and Review Committee (BARC)**

The ALA Budget and Review Committee is responsible for reviewing and monitoring the overall ALA budget, and for making recommendations to the ALA Executive Board. BARC represents ALL ALA members, including members of divisions, and therefore each division is assigned a BARC representative, who should serve a two-way purpose: 1) communicating BARC issues and concerns to divisions, and 2) vice-versa.

### **ALA Executive Board**

The ALA Executive Board is the body with fiduciary responsibility over all ALA matters, including the budget. Its members are elected by sitting ALA Councilors from among their members. The ALA Executive Board meets four times per year, and carries the final vote to approve the preliminary proposed budget, proposed, and final budgets (which incorporate all ALA unit budgets that have been approved at each stage by units' own processes).

## **PART IV: GLOSSARY**

**For additional explanations of terms, please visit the ALA Treasurer’s page on the ALA website.**

### *Affiliate*

Affiliate organizations of the American Library Association are groups having purpose or interests similar to those of the Association. Under *Article X, Section 1*, of the ALA Constitution and upon application formally made by the proper officers, the ALA Council has affiliated with the American Library Association nearly 30 national organizations of kindred purposes. Some of these societies meet annually at the time and place of ALA meetings. ALA recommends membership also in these organizations to those of its members for whom such connection is appropriate.

### *Budget and Review Committee (BARC)*

BARC is a member group with the responsibility to monitor the overall ALA budget. Its charge reads: “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 ALA council; to make budget recommendations to the ALA executive board and to report to council regarding budget analysis and process.” Its membership consists of the ALA treasurer, two members of the ALA Executive Board, and six ALA members appointed by the ALA president.

### *Budgetary Ceiling*

A cap on the ALA—and by extension division—budgets, determined by the previous fiscal year’s net asset balance and the fiscal year in question’s expected revenues.

### *Division*

ALA is home to eleven membership divisions, each with a type-of-library or type-of-library-function specialization. ALA divisions publish journals, books, newsletters, and other materials; provide continuing education in a variety of venues and formats; offer awards and scholarships; sponsor institutes and conferences; and maintain networks of affiliates, chapters, and other collaborative relationships. Division members must be members of ALA first; divisions each have a dedicated ALA Councilor. Divisions are not separate legal entities from ALA; they may not enter into contractual agreements on their own and do not own intellectual property (for example, ALSC award seal images are the property of ALA, not ALSC).

### *Endowment (also known as the Long-Term Investment Fund)*

All ALA, divisional, and unit endowments are managed together as one “pool.” It is divided internally into “pots” of funds, some of which may be restricted (for example, the Arbuthnot endowment), some of which are not (the Children’s Library Services endowment is restricted to ALSC use, but not for any particular purpose; its purpose is designated by the ALSC Board). The purpose of the endowment is to ensure the long-term viability of programs and services; these funds are not

intended to be spent down to zero but rather to generate interest income that can be spent. Current practice is to budget to spend a percentage of the five-year moving average of the total assets in each endowment on its designated programs and services. There are three endowment trustees, appointed by the ALA Executive Board, who have the authority to hold, invest, reinvest and disburse endowment funds as directed by the Executive Board; recommend endowment operating procedures and assumptions to the Executive Board; select endowment investment managers; report endowment status to the Executive Board, Council and Membership.

#### *General Fund*

ALA financial assets are divided into three types of funds: operating, the endowment (or long-term investment fund), and restricted accounts. The operating projects are divided among the general fund, the division fund, and the round table fund. The general fund supports general ALA programs, services, and offices including ALA Publishing, Conference Services, HR, the Intellectual Freedom Office, and more.

#### *Interest*

Interest is earned on invested money. At ALA, divisions don't earn interest on money in the ALSC "savings account" (our net asset balance; see below); ALA does. However, current practice at ALA is to budget to spend a small percentage of the five-year moving average of any endowment's total assets, including the principal.

#### *Long-term Investment Fund (see "Endowment," above)*

#### *Operating Agreement*

The colloquial name for ALA Policy A.4.3.4.1, which governs the relationship between ALA and its divisions. "Management practices," or "operating practices," have been negotiated over time among ALA staff members to further refine the divisions' and ALA's respective rights and responsibilities with regard to particular projects and initiatives.

#### *Planning and Budget Assembly (PBA)*

PBA is an ALA member group with advisory, but no decision-making, responsibility. It is made up of representatives from divisional and roundtable staff and members who work with the units' budgets, BARC, and ALA finance staff. PBA meetings are regularly chaired by the ALA Treasurer and BARC Chair, although PBA itself has no formally designated member chair.

#### *Preliminary Proposed Budget*

The stage of the ALA budget (including divisional, round table, and other unit budgets) that is approved by member groups at Midwinter for the subsequent fiscal year. It is approved by the ALA Executive Board each spring.

#### *Principal*

The main bulk of funds in an endowment is made up of principal. Endowment principal is not intended to be drawn down to \$0; current practice at ALA is to budget to spend a small percentage of the five-year moving average of any endowment's total assets, including the principal.

#### *Proposed Budget*

The stage of the ALA budget (including divisional, round table, and other unit budgets) that is approved by member groups at Annual Conference for the subsequent fiscal year. It is approved by the ALA Executive Board each August.

#### *Restricted Fund*

ALA financial assets are divided into three types of funds: operating, the endowment (or long-term investment fund), and restricted accounts. Restricted accounts are donations or grant funds whose use has been designated by the donor or granting organization. Unlike endowments, funds in these accounts are intended to be fully spent on the programs and services they support. Like endowments, these funds cannot be intermingled across projects, or in with the operating budget.

#### *Round Table*

Round Tables are membership groups and may charge dues, develop programs, issue publications (with the approval of the ALA Publications Committee), and affiliate with regional, state or local groups with the same interests. Round tables, unlike divisions, do not have dedicated staffs, although each has a designated ALA staff liaison. Many round tables have dedicated ALA Councilors, although smaller round tables share one. Round table members must first be members of ALA.