

Budget Analysis and Review Committee (BARC)/Finance & Audit (F&A) Subcommittee Spring Meeting Minutes

Session I: Tuesday, April 5, 2022: 11:00 am – 3:00 pm CT

ALA Allied Professional Association, Inc. (APA) BARC/F&A Spring Meeting Session

BARC Chair Rodney Lippard and APA Treasurer Maggie Farrell called the ALA APA Joint BARC/F&A meeting to order at 11:00 am CT.

APA Executive Director Report, APA BD #12.3

Lorelle Swader, ALA APA Associate Executive Director provided the following updates:

- Certification program numbers have not changed since the last meeting, as they are calculated quarterly. As a reminder:
 - CPLA: 341 enrollees and 115 graduates. The Certification Program Committee will revise the competencies, which will likely be available at the Fall meeting.
 - LLSC: 738 enrollees and 263 graduates.
- The Salary Survey database will now be a member benefit.
- It is National Library Week, and Tuesday, April 5, is National Library Workers Day.
- The Communications and Marketing Office (CMO) and the Public Policy and Advocacy (PPA) Offices helped message and advocate for National Library Week.
- It is a difficult time for librarians, and it is encouraging to see the number of stars rise on the website.
- Emerging Leaders have volunteered to work on the APA website as one of their projects.
- Please consider giving to APA. Donations continue to be important as APA is a 501(c)(6).
- CMO has also supported APA in social media.

BARC Member Schneider asked if there is any data on the Salary Survey database usage and how many entries are there. ED Swader noted that currently APA is working on a new version for Library Support Staff, in addition to the MLIS survey already done. In the past, 600 libraries participated, but ED Swader would need to pull the most recent numbers.

FY22 First Quarter Results, APA BD #3.8

CFO Dina Tsourdinis provided the following updates:

- Total revenues for the three-month period ending 11-30-21 were \$40,199, which was \$2,301 (-5.4%) less than the budget of \$42,500 and compares to \$43,204 for the same period last year.
- Total expenses for the period were \$31,693 and less than the budget of \$38,318 by \$6,625 (17.3%) and compares to \$23,671 for the same period last year.
- The result was net revenue of \$8,506, which far exceeds the budgeted amount of \$4,182 (103.4%) by \$4,324.

Preliminary FY23 Budget, APA BD #3.9

CFO Dina Tsourdinis provided the following updates:

- Estimated end of year result for FY23 forecasted as a net of \$23,649. APA has estimated their net asset balance at the end of FY22 as \$227,346, for a net estimate of income of \$411,446.

President-elect Pelayo-Lozada noted that staffing strategies will be discussed at the APA Board Meeting, and this will hopefully impact budgeting.

Treasurer Farrell moved that APA BARC approves and recommends to ALA APA F&A and APA Executive Board the preliminary FY23 budget proposal and annual estimates of income of \$411,446, as reflected in APA BD #3.9.

APPROVED ALA APA BARC recommends to ALA APA F&A and APA Executive Board the preliminary FY23 budget proposal and annual estimates of income of \$411,446, as reflected in APA BD #3.9.

F&A Member Neal moved that ALA APA F&A concurs with ALA APA BARC and recommends to APA Executive Board the preliminary FY23 budget proposal and annual estimates of income of \$411,446, as reflected in APA BD #3.9.

APPROVED ALA APA F&A concurs with ALA APA BARC and recommends to APA Executive Board the preliminary FY23 budget proposal and annual estimates of income of \$411,446, as reflected in APA BD #3.9.

ALA APA Joint BARC/F&A session adjourned.

Treasurer Farrell called the ALA Joint BARC/F&A Spring meeting Session I to order.

Approved by consent:

- Agenda, BARC #3.18
- BARC minutes from the 2022 January meeting, BARC #3.19
- F&A minutes from the 2022 January meeting, BARC #3.19

FY 2022 Q1 Financial Results Executive Summary, BARC/EBD #3.20

CFO Tsourdinis provided the following updates:

- ALA is in strong financial position, not only in the Statement of Activities but also in the Statement of Financial Position.
- \$1.5 million transferred from the Endowment Fund with terms and Paycheck Protection Program (PPP) support resulted in a positive variance of \$3.3 million.
- \$1.9 million favorable variance in comparison with FY21 and a favorable variance of \$4.5 million compared to FY20.
- Revenue totals \$11.6 million, with the General Fund contributing 63% of that total, Divisions at 24%, Grants at 8%, Long-term Investment at 4%, and Round Tables at 1%.
- Expenses mostly align to the revenue.
- Division summary income statement: realized revenues of \$2.7 million and expenses of \$2.2 million, for a net of a half a million dollars. Divisions also received allocations from the PPP funds.
- Round Tables reported \$122,000 in revenue and \$41,000 in expenses, with realized net revenues of \$81,000.
- The Balance Sheet also improved, with loan balances significantly lower due to the forgiveness of the PPP loans.
 - Outstanding loans:
 - Endowment transfer at \$3 million
 - Chase Bank equipment financing at \$1.3 million
 - Economic Injury Disaster Loan (EIDL) at \$500,000
 - Total of \$4.8 million compared to \$8.6 million at end of FY21

BARC Member Hildreth noted that the Endowment transfer is in the first quarter and asked if there is anticipation that it will be spread throughout the year. CFO Tsourdinis noted that it will be reported in the first quarter.

BARC Member Hildreth asked if there was any information on Library Research Round Table (LRRT) and Library History Round Table (LHRT), which are low. CFO Tsourdinis noted that second quarter results may be more indicative and more information can be provided.

BARC Member Lehner asked that clarification is provided in the FY23 budget discussion on how the loans will be recorded and treated in that budget.

FY23 Preliminary Budget & Annual Estimates of Income Presentation & Discussion, BARC/EBD #3.21 & FY23 Budget Memo BARC/EBD #3.21a

CFO Tsourdinis provided the following updates:

- This presentation reflects the preliminary budget created without any restrictions. There will be an overview today, with motion for approval at tomorrow's session.
- Assumptions:
 - 2% salary increase
 - No furlough days for staff
 - Overhead will remain the same at 26.5%
 - Continued freeze of net asset balance transfers to Endowment
 - Contingency amount
- Gap between expenses and revenues was initially \$4 million, with no restrictions and no constraints. ALA management employed the following strategies to address the gap:
 - Delay onboarding of new positions by three months, which resulted in reduction of the employee salary expenses of \$1,050,000
 - Discretionary expense savings of \$1.2 million, such as travel, professional services, meeting expense, temporary hires, etc.
 - Exploring expense reduction strategies and expect a total of \$300,000 to result in that effort, such as credit card processing fees, vendor consolidation, etc.
 - Approved the maximum Endowment payouts at 5%, resulting in an additional \$1,155,000 to close the gap
 - Unit Managers will be asked to take a look at additional departmental savings
 - Looking to take an investment approach and expanding revenue as part of the longer-term Pivot Plan, so that expense savings is not the only aspect to bring the budget into alignment
- Total revenue coming in from the General Fund is \$16.7 million and expenses of \$20.2 million, reflecting an operating net deficit of \$3.5 million. They are a number of non-income generating Units in the General Fund.
 - Publishing and Media Department reports a net of \$383,000
 - ALA Offices and Member Relations (AOMR) reports net revenues of \$1,674,000
 - Conferences shows a net of \$534,000
 - Continuing Education shows a net of \$39,000
 - Executive Office reports a net of \$1,273,000
 - ALA Divisions combined have a net of negative \$540,000
 - Round Tables combined have a net of \$34,000
- Capital requests include Information Technology (IT) at \$1,982,000, Washington Office at \$19,000 and Publishing & Media at \$234,000, for a total request of \$2,235,000.

- Endowment transfers will continue to be frozen, but there were advance FY23 requests from the Association for Library Service to Children (ALSC) of \$350,000 and Public Library Association (PLA) of \$75,000.
- Net Asset projections at the end of FY22 are \$65,186,000 and combined with FY23 budgeted revenue of \$48,488,000 totals the FY23 Annual Estimates of Income of \$113,674,000. This is the first time this number has broken the \$100 million threshold, but as a reminder, this is the absolute limit of spending, not how much spending is planned.

BARC Member Schneider asked for clarification on the Endowment transfers to Divisions. CFO Tsourdinis noted that the Endowment Trustees approved up to a 5% payout to Divisions.

BARC Member Lehner noted that the FY23 budget does not include revenue from loans. CFO Tsourdinis noted that the loans were forgiven, and at that point are recognized as revenue. Other loans are recognized as expenses, but the principal is reflected as a liability on the Balance Sheet.

F&A Member Neal asked about the Conference Services loss of \$534,000 and more details. CFO Tsourdinis noted that the projections are very conservative as we continue to work through the pandemic. ED Hall noted that there is still trepidation around travel, as well as ongoing fatigue regarding digital platforms.

Draft 5-year Financial Plan, BARC/EBD #3.22

CFO Tsourdinis and Director of Financial Reporting and Compliance Moritz provided the following updates:

- Rollout of financial projection for FY22-26
- Assumptions
 - Salary increases and expense increases of 2%
 - Anticipate 7% increase in healthcare costs
 - Continue to monitor inflation, which has been increasing significantly
- Depreciation is included in this plan
- Does not include an Endowment allocation
- Overhead rate will remain the same
- In FY24, we will have an operational expense gap of \$1.1 million, and in FY25, \$182,000, so we are anticipating significant recovery
- In FY26, operating surplus of \$1.9 million
- Payroll: monitoring metric ratio of payroll expenses to total revenue. In FY23, this is 47% and reflects a delay in hiring positions
- Monitoring short-term investments closely. By end of FY21, short-term investments were increased to \$7.7 million; FY22 and FY23 projected to be \$8 million; FY24 and FY25 may see a dip but then will increase to \$9 million by FY26
- Made a transfer the first quarter of FY22 to short-term investments account for \$2 million

BARC Member Schneider noted the contributed revenue is projected to increase significantly and asked what the plans are to build capacity to support that. ED Hall noted that work is being done with the Board and the Philanthropic Advisory Group (PAG) to issue a Request for Proposal (RFP) for consulting support, as well as increasing staff in the Advancement Office as needed.

Treasurer Farrell noted that it might be helpful to highlight Continuing Education (CE) and contributed income since they are so key to supporting the Pivot Plan.

BARC Member Hildreth noted that the loss of support from donors like the Gates Foundation has had an impact. ED Hall noted that the focus on increasing contributed income is more about mission support overall, rather than the program-specific support from such foundations.

CFO Tsourdinis noted that she sees opportunities to begin the budget process earlier in a way that can involve Unit Managers more closely, as well as helping to ensure a balanced budget at Annual Conference.

Executive Director Report, EBD #12.30

ALA Executive Director Tracie Hall provided the following updates:

- Reflecting on the fact that challenges to intellectual freedom have exceeded what they were in the McCarthy era, the need to increase membership and grow our Association in order to support the profession is more vital than ever. ED Hall also invited all members to support ALA through the United Against Book Bans campaign.
- Making an effort to meet capacity needs. The Intellectual Freedom Office staff is a priority.
- Looking to double current 50,000 membership and exploring ways to support ALA conferences, as well as Divisions. 60% of ALA members are Division members.
- Publishing is elevating subject matter experts, through *American Libraries*, *BookList*, and *Booklist Reader*.
- CE is becoming a driver for member associations, and ALA's new CE is on track for \$450,000 of revenue. Since its launch in the Fall, 10,000 discrete individuals have set up accounts and more than 6,500 are not ALA members. These are individuals that could become members.
- Contributed revenue has reached 70% of its goal of \$3.08 million and making connections with new donors and supporters. PPO also received a lot of program grant support.
- The Center for the Future of Libraries has received a catalytic grant from Mellon Foundation that will support two Senior Fellows
- The Office for Intellectual Freedom (OIF) and PPA work has been central to ALA work
- Focusing on Equity, Diversity, Inclusion and Social Justice (EDISJ) work, specifically on an EDI metric for accreditation, training for ALA staff, and developing residency to improve EDI in staffing pipeline

BARC Member Lehner asked if there were any updates on the work of Transforming ALA Governance (TAG). ED Hall noted that TAG is now taking a reformist approach toward the Board and Council, regarding membership of each. President-elect Pelayo-Lozada noted that TAG is holding a series of talks leading up to Annual in order to have resolutions ready to move forward throughout the Fall and Winter.

Publishing & Media Report, (within EBD #12.30)

Mary Mackay, AED Publishing & Media, provided the following updates:

- FY22 first quarter results:
 - 5% below budget on revenue but 25% below budget on expenses, but likely due to timing
 - All but one unit is holding their own against their goals
 - *American Libraries* is 17% above its budgeted revenue, mainly due to JobList. February

- hit a high mark of \$118,826, the most in the history of JobList
- *Neal Schuman* is behind on revenue, but anticipate narrowing that gap
- Multiple revenue sources within the Department that depend on advertisers, sponsors, licensing, book purchases, individual purchases, and registration fees for special events at conferences
- Goals, trends, and opportunities:
 - Goal to achieve positive net revenue after all expense, including overhead
 - Face-to-face Annual Conference means tens of thousands of dollars in revenue opportunities
 - New publications are also great opportunities, such as Booklist Reader, Prison Library Standards, RDA related titles, textbook revisions, and items in Graphics like the branded library cards
- Responding to greater call for intellectual freedom related resources
- There was a special report in *American Libraries* about a digital future in March/April, which connected with President Wong's initiative in this area
- *Booklist Reader*: At PLA conference, there was an opportunity to see the response to a print version, and people responded positively. A print version could help attract advertisers and address digital inequities. Grant opportunities to support the printing will be pursued.
- Looking at digital platforms for incremental revenue from existing content. Booklist just signed an agreement with Zinio to host the digital magazines on Overdrive, Scribd, Amazon and other services. Continuing to look at licensing opportunities from Chicago Distribution Center (CDC) and BiblioVault for e-books, but publishers have established their own digital channels
- Focus on EDISJ materials and subject matter
- Challenges:
 - Uncertain economy and tight library budgets
 - Fundamentally changed markets since the pandemic
 - Global paper shortage and price hikes. In the short term, doing short runs of our books through print on demand, but this impacts all areas of printing
 - How much custom content our advisers and sponsors are looking for, which is very time consuming

Continuing Education (CE) Report, (within EBD #12.30)

Dan Freeman, Continuing Education Director, provided the following updates:

- CE unit formed officially at the beginning of FY22 in order to coordinate CE at ALA-wide level and to provide a synergy in new product development and standardization
- CE unit has its own revenue stream, but while the Unit helps facilitate CE in other Units, their CE is not part of the overall CE revenue
- Built a new ALA CE website with all of ALA's content in one place where it is marketed, cataloged, and executed. Response to the site is very positive, internally and externally
- Content and access to experts is the industry standard
- Concerns:
 - Proliferation of free content
 - Economic and political instability and library budgets affected by economic downturn
 - Competitors in the marketplace, and ALA shares both instructors and content areas with those
- Revenue budgeting in FY23 reflects a slight increase at \$680,000 in total sales. \$600,000 in individual sales, which is a decrease from FY22 as we are predicting a big increase in bulk sales

- of around \$20,000. Overhead is the same for individual versus bulk sales
- Budgeting \$15,000 in sponsorship revenue in FY23 for a partnership with *American Libraries* for the revival of a slide series
 - Expense overview:
 - For FY23, budgeting \$656,000, which provides a \$30,000 net. Some of the net is due to \$60,000 in projected expenses that did not go away but were shifted to IT
 - Budgeting \$150,000 for development, including web development, and possibly new physical equipment for hybrid events or other types of technologies to accommodate new initiatives
 - Two full-time equivalents (FTEs) and do not anticipate any staff changes in 2023
 - Working very closely with the CE Cross-functional Team and other ALA stakeholder groups
 - Increased focus on EDISJ, which is good mission practice and good business practice, with work on antiracist storytelling and reaching out to incarcerated populations
 - Broaden focus on marketplace, both domestically and internationally, and working to build external partnerships that have financial benefits
 - Beginning to collaborate with the Round Tables and working on commercial proposal for collaboration with paid events that will leverage the expertise in Round Tables
 - Working towards all-inclusive learning and CE membership package
 - Able to sell conference recordings
 - CE unit does support ALA logistically and financially in ways that are not directly reflected in our budget:
 - New site providing increased exposure
 - Involved with events to drive membership, including an ALA special access series which is a free webinar series for members
 - Increase staff efficiency in all units involved in eLearning
 - Customer Service Team says new site has been a game changer in terms of manual staff time

Treasurer Farrell asked for details on synergies between CE and Publishing. Director Freeman noted that there is a pipeline between authors who can become instructors. There is also an opportunity to bundle books with eLearning. BARC Member Sica noted there may also be opportunities for partnerships with vendors to create CE, such as Niche Academy and other LMS.

Conferences Services Report, (within EBD #12.30)

Conference Services Director Earla Jones provided the following updates on Annual Conference 2022:

- On February 22, registration, marketing, and promotion for the Annual Conference launched. The marketing promotion strategy formulated in conjunction with CMO is designed to engage at least 7,000 ALA members, non-members, library, public and constituents for the in-person event and virtual digital experience
- There will be a digital experience option for those who are unable to participate in person, with access to a curated selection of live main-stage and educational sessions
- Marketing strategy includes a combination of evolving websites, segmental topical e-blasts, social media, and member press releases. Targeted outreach includes a focus on specific subgroups and collaboration with our local host planning committee and promotion partners
- As of today, paid registration is at 4,058, yielding \$1.3 million; about 231, or 5%, are registered for the digital experience. This is 50% to paid registration goal
- Total number of 4,671 registrants is approximately 60% to total goal

- In comparison to 2019, at twelve weeks out, registration was at 59%
- Exhibit sales are at 71% to the target of \$1.6 million
- Current revenue at 59% to the overall goal
- Scheduler is on target to launch on April 26th

BARC Member Schneider asked what the final registration numbers for 2022 are, compared to 2019. Director Jones and AED Mackay noted that the projected 7,000 paid registrants for 2022 Annual Conference is approximately 50% of the actual paid registration number for 2019 Annual Conference. This projection was set as part of the FY22 budget and confirmed in early FY22 when the budget was approved. This number is approximately 30% of the total number of 2019 Annual Conference attendees which included many non-paying attendees—VIPs, affiliates, exhibit booth staff, etc. For 2022, we are tracking to the 7,000, because projections for the total number of attendees including non-paid are an X-factor largely influenced by comp categories (VIPs, affiliates and exhibit booth staff) that we have no reliable way of predicting.

F&A Member Booker noted concern about low projections and if there is any data on how the recent in-person PLA Conference performed. PLA Executive Director Fournier noted that the numbers are not finalized yet. There were approximately 9,000 attendees at the PLA conference pre-pandemic, and the recent in-person conference in Portland saw approximately 6,000, which includes about 1,000 virtual and 5,000 in person. Those numbers did exceed expectations, but there were far fewer exhibitors, so that may complicate financials.

Development Office Report, EBD #6.2

Anne Manly, Development Office Assistant Director, provided the following updates:

- The work of the Office includes processing donations and support of fund-raising efforts for all ALA Units, as well as to foster internal and external relationships, and to create a culture of philanthropy
- Contributed income goal this year of \$3,085,000, and currently at \$2,164,000 or about 70% of our goal
- Through the FreeWill platform that allows people to create wills online and bequeaths, around \$250,000 raised, which is a great return on a \$10,000 investment, as well as additional gifts that may come from those individuals in other areas
- Processed 300 donor letters, close to 500 gift adjustments and over 700 gift entries
- Library Champions seeing slight increase with 25 currently, which is good as it was expected that ALA might lose some
- Overdrive, who has been lead Library Champion for years, has renewed their position as lead Library Champion with increased support of 10% over last year. ALA also added two new Library Champions, Sinking Ship Entertainment and the *New York Times*
- Working closely with the Philanthropic Advisory Group, which has been focused on programming. They had a session at LibLearnX and plan for an event at Annual, possibly at the Library of Congress, though it is not yet confirmed
- Giving Tuesday raised over \$30,000, which was \$10,000 more than last year. The Spectrum Scholars program received most donations from Giving Tuesday
- Received platinum status from GuideStar; only 5% of nonprofits have gold status or higher

Membership Report, (within EBD #12.30) and Dues Increase Proposal, BARC/EBD #12.31

Melissa Walling, AED ALA Offices and Member Relations, and Miranda Bennett, Membership Committee Chair, presented the following report:

- Membership counts are trending around 50,000
- As discussed in previous meetings, membership growth and recovery are slow, but ALA still has ambitious targets and is committed to membership growth as outlined in the Pivot Plan
- Membership revenue on track, collecting about \$1 million already in FY22
- PLA had a successful conference and hope for the same at Annual to drive growth
- Looking forward, thinking about membership website
- In 2018, ALA membership approved routine dues increases that would tie the maximum increase to the Consumer Price Index (CPI). Normally, CPI was running about 1 to 3%, and that meant a dues increase of \$1-\$2. Due to inflation, CPI is now at about 7%.
 - The Membership Committee discussed how to move forward and agreed to propose an increase of 3.6%. This means an increase of \$1-\$5, depending on membership level. Details are outlined in BARC/EBD #12.31
 - The rate for international members will be brought into alignment with what is now the non-salaried or in-transition rate, which will eventually become folded into the new membership model of Individual Type II category

Chair Bennett moved that BARC and F&A approve and recommend to the ALA Executive Board the annual increase in personal member dues for FY23 in alignment with the three-year average of the National Consumer Price Index, CPI, of 3.6%.

APPROVED BARC recommends to F&A and the ALA Executive Board the annual increase in personal member dues for FY23 in alignment with the three-year average of the National Consumer Price Index, CPI, of 3.6%.

APPROVED that F&A concurs with BARC and recommends to the ALA Executive Board the annual increase in personal member dues for FY23 in alignment with the three-year average of the National Consumer Price Index, CPI, of 3.6%.

BARC & F&A moved into closed session.

Session II: Wednesday, April 6, 2022: 11:00 am – 1:00 pm CT

BARC Chair Rodney Lippard and Treasurer Maggie Farrell called the Joint BARC/F&A Spring meeting Session II to order at 11:00 am CT.

Endowment Trustee Report & Discussion, EBD #13.2

Senior Endowment Trustee Mario Gonzalez provided the following updates:

- Factors impacting the financial markets:
 - Inflation rate currently at 7.9% which is a 40-year high, but with the impact of the Federal Reserve intervention, expect the inflation rates to go down to 4.3% by December of 2022
 - Aggressive interest rate hikes will increase in the future
 - War between Russia and Ukraine
 - Concerns over COVID-19 and variants

- Shortages due to supply chain issues
- Market value at \$63 million and book value at \$12 million. Both have been decreasing. As of December 2021, balance of \$65 million and \$63 million in February 2022
- Reduced exposure to equity to balance allocations within optimal target ranges
- Environmental, Social and Governance holdings (ESGs) and Diversity holdings now at 58.8%
- Report indicates a \$1 million commitment to Pharos Healthcare Access Fund, however after review of tax implications, Trustees opted not to move forward
- Approved a payout rate to ALA and Units of up to 5% for the Endowment. This is within the range of our policy of 3-5%

BARC Member Schneider asked if the 5% payout rate is typical and if it reduces the book value. Senior Trustee Gonzalez noted that the rate has been 5% for the past three years and Trustees opted to continue that rate as the Endowment is doing so well. It does reduce book value but not necessarily the full value as the investment return is so great. 3-5% rate reflects industry best practices.

BARC Member Schneider also asked to clarify that there have been only three recent contributions to the Endowment. Senior Trustee Gonzalez confirmed this and noted that the most recent was from the sale of ALA Headquarters.

BARC Member Hildreth asked if alternative investments will be considered instead of Pharos. Senior Trustee Gonzalez noted that other private equity options will be reviewed.

Operating Agreement Workgroup (OAWG) Discussion, EBD #10.9

Treasurer Maggie Farrell and Andrew Pace, Co-chairs for OAWG, provided the following updates:

- More information and details are available in the report, but today will focus on discussion, particularly on the OAWG proposal to remove the overhead rate from Divisions
 - The Operating Agreement is between ALA and Divisions, but this could impact Round Tables. Round Tables pay overhead of 10% of membership dues revenue.
 - The overhead rate is featured in the 5-year Financial Plan, which indicates future amount of \$1.6 million
 - This will not eliminate the revenue, but rather it will be an internal overhead accounting exchange at about \$2 million for Divisions. Overhead pays for central services like HR and IT, and supports member value services, such as OIF and PPA
 - Co-chair Pace noted that after the January Planning and Budget Assembly (PBA) meeting, OAWG has been meeting with stakeholders to discuss

BARC Member Lehner asked if this proposal means the Division financial decisions will be pulled to the ALA BARC/F&A/Board level and will the proposal require more staff time to support. Treasurer Farrell asked for feedback on how that scenario should look at a Division level. BARC Member Lehner noted that there would need to be an opportunity for Divisions to put a proposal or request to the appropriate body for new initiatives or funding.

F&A Member Neal noted that it would be beneficial to have the two-year cycle in mind for Divisions.

BARC Member Lehner noted that the previous structure created incentive to generate revenue because Divisions had a stake in that revenue. It is unclear how that incentive will be preserved in the new proposal, which is important given the new focus on revenue-generating efforts.

Treasurer Farrell noted that there are member-value Units, like OIF and PPA, that are not revenue generating and asked what efforts should budgeting take into account to fund member-value benefits. BARC Member Hildreth noted that many of these Units could be an opportunity for non-member donations.

BARC Member Schneider asked if the current rate has been covering actual costs of overhead. CFO Tsourdinis noted it does not. The current rate is outdated and covering costs would likely mean an increased rate to around 30%, though specific calculations would have to be made. BARC Member Hildreth noted that in the past it was acknowledged that the rate did not cover actual costs, but it was kept the same with the intention to continue discussions with Divisions.

Treasurer Farrell also noted that OAWG would like to hear thoughts regarding how to handle Divisions surpluses and deficits. Please reach out to OAWG Co-chairs with any thoughts.

FY23 Preliminary Budget & Annual Estimates of Income, BARC/EBD #3.21

Treasurer Farrell noted that comments reflected a need to continue working on budget to reach a surplus.

BARC Member Hildreth moved that BARC approves and recommends to F&A and the ALA Executive Board the FY23 Preliminary Budget and Annual Estimates of Income of \$113.7 million, as reflected in EBD #3.21-21a.

APPROVED BARC recommends to F&A and the ALA Executive Board approval of the FY23 Preliminary Budget and Annual Estimates of Income of \$113.7 million, as reflected in EBD #3.21-21a.

F&A Member Larry Neal moved that F&A concurs with BARC and recommends to the ALA Executive Board approval of the FY23 Preliminary Budget and Annual Estimates of Income of \$113.7 million, as reflected in EBD #3.21-21a.

APPROVED F&A concurs with BARC and recommends to the ALA Executive Board approval of the FY23 Preliminary Budget and Annual Estimates of Income of \$113.7 million, as reflected in EBD #3.21-21a.

New Business/Additional Items

BARC Member Lehner asked if there was any information on TAG resolutions with fiscal implications that the Committee should review. When the Forward Together Fiscal Working Group was sunsetted, it was decided that BARC would then take ownership of that fiscal analysis of new governance proposals. It would be beneficial to connect with TAG. Chair Lippard proposed arranging a meeting for both BARC and TAG to look at these proposals.

BARC Member Schneider noted that in the past money was devoted to specific strategic investments. Treasurer Farrell noted there were planned deficits approved in 2017 to strategically invest in membership, development, and IT. BARC created metrics for this, but the issues with short-term cash and the pandemic interrupted these efforts. BARC Member Schneider asked if there is a final report on those efforts. Treasurer Farrell noted that there were regular reports made to BARC but not a final report, and she can work with Finance staff to pull that information together.

F&A Member Neal noted the importance of seeing through our capital investments, such as IT. CFO Tsourdinis noted that capital depreciation is included in budgeting and the 5-year Financial Plan.

Preparation for Annual

BARC Chair Lippard reminded members of the following meetings at Annual Conference in Washington, D.C. Members should also remember that they may need to block some time to consider resolutions that may arise with fiscal implications:

- Joint BARC/F&A Annual Conference Meeting on Friday, June 24 from 12:30-3:30pm ET
- PBA/BARC/Division Leadership Meeting on Sunday, June 26 from 1:00-3:00pm ET

The Joint BARC/F&A Session adjourned.

BARC Chair Lippard called the BARC Spring meeting to order.

BARC FY22 Goals

Chair Lippard noted that one goal was to start an informational session similar to Tune-In Tuesdays for Council. Chair Lippard will reach out to members to potentially set up possible topics and a schedule for 2022-2023.

BARC Member Hildreth emphasized the importance of BARC and TAG talking with each other, as well as looking at the charge of BARC in the future. BARC Member Sica agreed that it would be very beneficial and help Councilors make better informed decisions.

BARC Member Rivera noted that it would be beneficial to encourage TAG to reach out, even informally, to BARC as they develop proposals.

BARC Member Schneider noted that the same report is presented multiple times, and Governance could think more about efficiency in financial reporting and checks and balances. BARC Member Sica noted that it would also be helpful to offer a BARC 101 so that members and Councilors have a clearer picture of finances.

BARC Member Hildreth noted that the Board relies heavily on F&A and that there could be more attention paid at the Board level. It is worth considering what financial committee or body is created by TAG and its relationship with the Board.

Chair Lippard noted that the last update to the Financial Handbook was in 2015, and this could be updated also.

BARC Liaison Discussion

Chair Lippard noted that the role of BARC liaisons is unclear, especially as the Executive Board has liaisons to the same groups. The Committee discussed the role of the liaisons. There was a time when the liaisons presented the Division budgets, but this is no longer the case as a more open budgeting process has developed. The group generally agreed that with Board liaisons, Councilor representatives, and staff, the liaisons may be redundant or unnecessary. Treasurer Farrell noted that Unit budget narratives also provide more information that was the purview of BARC liaisons in the past.

BARC Member Rivera noted that there is room for more sharing of budget information amongst leadership in some groups.

Chair Lippard noted that he will reach out to Units to determine if BARC liaisons are beneficial to them or if there are different ways to provide support, possibly as part of the Annual PBA agenda. The BARC session adjourned.