

**2023 Spring ALA Joint Budget Analysis & Review Committee (BARC)/  
Finance & Audit Subcommittee (F&A) Meeting**  
Tuesday, April 11, 2023: 10:00 am – 3:00 pm CT  
Virtual

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ALA-APA Treasurer Peter Hepburn & ALA-APA BARC Chair Karen Schneider called the ALA-APA Joint BARC/F&A Meeting to order.

**Associate Executive Director's Report, APABD #12.3**

AED Lorelle Swader provided the following updates:

- CPLA: 352 enrollees; 124 graduates
- LSSC: 793 enrollees; 289 graduates
- APA Working Group with Aliqae Geraci as Chair will explore how to expand APA financial capacity, and there will be an update at Annual Conference
- External consultant is working to complete updated salary survey for non-MLIS staff, which should go out soon
- National Library Workers Day will be April 25, and there are some great promotional graphics, merchandise, and opportunities. This year, there is a focus on academic librarians in particular
- Please donate to APA to support its work

Chair Schneider asked for clarification on current enrollees versus cumulative. AED Swader noted that APA can pull that information and report back.

**Treasurer's Report**

Treasurer Hepburn provided the following updates:

FY2023 Five-Month (January 2023) Financial Update, APABD #3.5:

- Net surplus of just under \$23,000
- Lower than projected revenues, but savings in expenses have been significant

FY2024 Preliminary ALA-APA Budget, APABD #3.6

- Three main areas of focus:
  - Continuation of Library Workforce Agreement support
  - Continuing Education course development
  - Proposed LMS Salary Survey
- Projected net surplus of \$22,000
- Annual Estimates of Income \$464,418

Treasurer Hepburn moved that ALA-APA BARC approves and recommend to ALA-APA F&A and Executive Board the preliminary FY24 budget proposal and Annual Estimates of Income of \$464,418, as reflected in APABD #3.6

**APPROVED** that ALA-APA BARC approves and recommend to ALA-APA F&A and Executive Board the preliminary FY24 budget proposal and Annual Estimates of Income of \$464,418, as reflected in APABD #3.6

ALA-APA F&A Member Dallas moved that ALA-APA F&A approves and recommends approval to ALA-APA Executive Board the preliminary FY24 budget proposal and Annual Estimates of Income of \$464,418, as reflected in APABD #3.6

**APPROVED** ALA-APA F&A approves and recommends approval to ALA-APA Executive Board the preliminary FY24 budget proposal and Annual Estimates of Income of \$464,418, as reflected in APABD #3.6

ALA-APA Treasurer Peter Hepburn & ALA-APA BARC Chair Karen Schneider adjourned the ALA-APA Joint BARC/F&A Meeting

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Treasurer Hepburn & Chair Schneider called the ALA Joint BARC/F&A Meeting to order.

**APPROVED by Consent:**

- BARC/F&A minutes January 2023, BARC #3.28
- 5-year Financial Plan, EBD/BARC #3.25
- Unit Reports within Executive Director's Report, EBD #12.8
  - Conference Services
  - Continuing Education
  - Development Office
  - IT
  - Membership
  - Publishing and Media

**Executive Director's Report, EBD #12.8**

Executive Director Hall provided the following updates:

- Three streams of change either resolved or in motion:
  - Pivot Strategy (Performance Governance) Underway
  - Forward Together (Association Governance) End Stage
  - Operating Agreement (Functional Governance) Beginning
- Major goals:
  - Financial Surplus and Liquidity
  - Membership Growth, Engagement, and Value
- For our libraries:
  - Information and Digital Access (including Universal Broadband)
  - Equity, Diversity, and Inclusion in Libraries and the LIS Workforce
  - Preservation of Library Services (across library types, settings, and services) through grants and technical assistance
- Significant progress made in the Pivot Strategy:
  - 7<sup>th</sup> impact stream coming in near future
  - Added a focus on endowment to the contributed revenue stream
  - Financial recovery is underway for traditional streams, but new streams supplement overall budget
- Discussed Executive Summary of Avenue M report, which can inform strategy to engage members

**FY2023 January 5-Month Financial Results, EBD #3.22-3.22a**

CFO Dina Tsourdinis provided the following updates:

- Revenue: \$27.3 million actual; \$18.4 million budgeted
- Expenses: \$19 million actual; \$19.9 million budgeted
- Net: \$8.3 million; (\$1.5 million) budgeted
- Favorable variances to FY22 and FY21
- Unrestricted grants received this year are recorded this year, though associated expenses may be incurred in future fiscal years, which is standard
- Divisions YTD:
  - Total Revenue: \$3.7 million actual; \$3.8 million budget
  - Total Expenses: \$4.1 million actual; \$4.5 million budget
  - Net: (\$383,589) actual; (\$623,442) budget
- Round Tables YTD:
  - Total Revenue: \$161,677 actual; \$212,230 budget
  - Total expenses: \$74,365 actual; \$167,242 budget
  - Net: \$87,313 actual; \$44,989 budget
- Loan balance as of February 2023 just under \$6 million, more than a million less than balance as of August 2022

**FY2024 Preliminary Budget & Annual Estimates of Income, EBD #3.23**

CFO Tsourdinis provided the following updates:

- Budget includes assumptions:
  - Staff salary increase of 3%
  - Overhead rate of 26.5%
  - Continued freeze of net asset balance transfers
  - 5% endowment payout
- Total revenue: \$50.4 million and total expenses: \$50.3 million; Net surplus of \$124,000
  - General Fund: (\$0.3 million) net
  - Publishing & Media: \$393,00 net
  - AOMR: \$2.6 million net
  - Conference Services: (\$1 million) net
  - Executive Office: \$2.9 million net
  - Continuing Education: \$95,000 net
  - Divisions: \$282,000 net
  - Round Tables: \$92,000 net
- \$1.9 million in capital requests
- Annual estimates of income of \$115,143,000

BARC member Lippard moved that the BARC approves and recommends to the ALA Executive Board the FY2024 budget and annual estimates of income of \$115,143,00, as reflected in EBD #3.23

**APPROVED** that BARC approves and recommends to the ALA Executive Board the FY2024 budget and annual estimates of income of \$115,143,00, as reflected in EBD #3.23

F&A Member Neal moved that F&A approves and recommends to the ALA Executive Board the FY2024 budget and annual estimates of income of \$115,143,00, as reflected in EBD #3.23

**APPROVED** that F&A approves and recommends to the ALA Executive Board the FY2024 budget and annual estimates of income of \$115,143,00, as reflected in EBD #3.23

### **Membership Committee Dues Proposal, EBD/BARC #10.8**

Miranda Bennett, Membership Committee Chair, provided the following update:

- The Executive Board is empowered by Council to raise annual dues in alignment with the Consumer price Index (CPI), and the Membership Committee brings a yearly recommendation to the Board:
  - Due to the high level of inflation, the committee used a three-year average rather than the previous year's CPI
  - Detailed pricing is provided in the report

BARC Member Lehner moved that BARC approves and recommends to the ALA F&A and Executive Board the annual increase in ALA member dues for FY24 in alignment with a 3-year average of the national Consumer Price Index (CPI) of 4.9%, EBD #10.8.

**APPROVED** that BARC approves and recommends to the ALA Executive Board the annual increase in ALA member dues for FY24 in alignment with a 3-year average of the national Consumer Price Index (CPI) of 4.9%, EBD #10.8.

F&A Member Dallas moved that F&A approves and recommends to the ALA Executive Board the annual increase in ALA member dues for FY24 in alignment with a 3-year average of the national Consumer Price Index (CPI) of 4.9%, EBD #10.8.

**APPROVED** that F&A approves and recommends to the ALA Executive Board the annual increase in ALA member dues for FY24 in alignment with a 3-year average of the national Consumer Price Index (CPI) of 4.9%, EBD #10.8.

### **Carbon Offset Resolution, CD #37.1**

Chair Schneider noted that BARC previously met but concluded that additional information was needed, which was forwarded yesterday. Chair Schneider asked that the group consider the new information and schedule a meeting in the coming weeks.

### **Operating Agreement Workgroup Discussion**

Peter Hepburn, ALA Treasurer, provided the following updates:

- As reported at LLX, work had paused, but with a designated subgroup to move work forward
- Hired consultant, Michael Tarnoff, who was Executive VP and CFO of United Jewish Federation of Metropolitan Chicago, to facilitate this work. He has helped to guide integral conversations amongst subgroup and will meet with all subgroup's members individually and as a group, then bring the full group back into the process
- Original timeline was to have a recommendation by June, but it will likely be August
- Committee on Organization may still be able to present recommendations to Council at Annual that do not require input from this workgroup, but it may also be necessary to call a special meeting later this summer or fall

### **Endowment Trustee Report EBD #13.2.1**

Senior Endowment Trustee Mario Gonzalez provided the following report:

- As of March 31, market value at \$56.8 million and book value at \$10.6 million

- Asset allocations were adjusted and provided in the report
- Environmental, Social & Governance (ESG) and/or Diversity holdings represent 60.7% of total portfolio
- Issues influencing markets:
  - Concerns regarding possible recession
  - Federal Reserve expected to pause rate increases in second quarter as economic data, employment stats, inflation, and housing all point to weakness
  - Bond prices have begun to rise in expectation of a recession
  - Bonds expected to outperform in the first half of the year, with equities taking over second half
  - Leading indicators surrounding employment continue to weaken, suggesting a higher unemployment rate over the next year, with 10.8 million job openings vs. 5.6 million job seekers
- Trustee activities:
  - Met in NYC in February and will meet in May in Chicago
  - Completed update of the ALA Investment Policy Statement (IPS)
  - Approved spending/payout rate of 5% in support of the FY24 ALA budget
  - Reviewed with ED Hall the need to include the endowment fund as a revenue pillar in “Pivot Strategy”
  - Reaffirmed that ESG/DEI investing is a portfolio priority
  - Discussed the selection of a new Senior Endowment Trustee
  - Discussed and approved the request by an Endowment Trustee to be reappointed for a second term, which will be presented to F&A today to later bring to the Board
  - Reviewed with Investment Adviser the impact of the recent bank failures on the endowment, and there is none
  - Adjusted drawdown timeframe to the first quarter of the same fiscal year for which the endowment allocation is approved by the Trustees
  - A call out now for a vacant Trustee position, and applications will be discussed in May

Chair Schneider adjourned BARC. F&A moved into closed session.