

ALA Executive Board
2023 LibLearnX

TOPIC: FY24 Budget Objectives & Programmatic Priorities

ACTION REQUESTED: Approval and recommendation to ALA Council

DRAFT MOTION: *The ALA Executive Board recommends to the ALA Council the following Budget Objectives, as a basis for the FY2024 budget and as a key framework for budget planning:*

- **Positive revenue/expense budget**
- **Rebuild membership base**
- **Monitor new revenue sources**
- **Develop budget surplus**
- **Focus on financial stability and growth**
- **Develop new budget metrics**

REQUESTED BY: Tracie Hall, ALA Executive Director
Dina Tsourdinis, ALA Chief Financial Officer
Peter Hepburn, ALA Treasurer

DATE: January 16, 2023

BACKGROUND:

In accordance with ALA Bylaws (Article IX, Sec. 1), the ALA Executive Board presents to the ALA Council for approval both the annual estimates of income and the Budget Objectives (programmatic priorities) for approval. By practice, Budget Objectives are presented early in the budget preparation cycle (at the LibLearnX meeting) to provide guidance to ALA staff in budget preparation. The annual estimates of income derive from the work of budget development and are presented to Council for approval at the ALA Annual Conference, prior to the final approval of the budget by the ALA Executive Board.

Since 1997, the Budget Objectives have been titled Programmatic Priorities derived from the *ALA Strategic Directions*. The most recent Programmatic Priorities are:

- Diversity
- Equitable Access to Information & Library Services

- Education and Lifelong Learning
- Intellectual Freedom
- Advocacy for Libraries and the Profession
- Literacy
- Organizational Excellence
- Transforming Libraries

As with many libraries, ALA continues to wrestle with the challenges resulting from the COVID-19 pandemic and their impact on traditional revenue streams. In the planning for the previous fiscal year, the Executive Director, ALA Finance Office, Executive Board, and member leaders placed focus for the next couple of fiscal years on increasing and diversifying ALA revenue streams, enforcing new internal controls to align expenditures with revenues, and developing best practices in association budget management. This was done in coordination with the Strategic Pivot Plan. This focus was intended to strengthen the fiscal underpinnings of the Association and enable ALA staff and members leaders to achieve the programmatic priorities. The proposed Budget Objectives for FY2024 remain largely unchanged and reflect a focus on the processes needed to ensure fiscal health and stability for the Association. Past programmatic priorities continue to be expressed through the Association's core values and strategic actions.

ALA Management also provides Budget Assumptions and Tactical Goals as part of the budget planning. The Assumptions and Goals complement the Objectives, demonstrating the focus of Management, Executive Board, Finance and Audit Subcommittee, and Budget Analysis and Review Committee (BARC) all working together to create a strong financial infrastructure that enables ALA mission and priorities.

The recommended FY2024 Budget Objectives are:

Positive revenue/expense budget

ALA staff will continue to closely examine their expenditures according to revenue projections and adjust throughout the year as necessary to produce the FY2024 budget surplus.

Rebuild membership base

The impact of the work done in FY2022 and FY2023 on a focused membership strategy will come into clearer view. ALA's efforts to further rebuild its membership base through various initiatives will be core to the FY2024 budget development.

Monitoring new revenue sources

The Strategic Pivot Plan called for the addition of a sixth revenue stream in FY2023 – Data Design & Research. This, in addition to the two new streams added in FY2022 (Continuing Education and Contributed Revenue), provides multiple streams to diversify ALA revenue. In FY2024, ALA staff will monitor these new revenue streams to understand and nurture their contributions to ALA's overall revenues.

Develop budget surplus

ALA will again develop a small revenue surplus to build a reserve as well as to improve the liquidity needs for Association activities.

Continued focus on financial stability and growth

As noted in the previous fiscal year, although significant strides were made in FY2022 to stabilize ALA's finances, this budget objective will be prominent for several years to allow ALA's mission and core activities to continue during a very uncertain economy and at a time when the Association is facing increased demand from the sector for its guidance, resources, and direct services.

Develop new budget metrics

Benchmarking is critical to assess the overarching and intertwined goals of increasing membership and revenue; the Budget Objectives articulated above; the performance of its revenue streams; ALA's effectiveness in meeting strategic priorities including digital literacy and access; equity, diversity, and inclusion in libraries and the LIS workforce; and the preservation of library services. These metrics will directly address the priorities as outlined in previous ALA planning as well as its developing Pivot Strategy which will guide its operations over the next three to five years.

Laying the groundwork for ALA's approach to fiscal management, these recommended six Budget Objectives will guide ALA staff in developing the FY2024 budget, in addition to providing a foundation for our work in advancing libraries and library workers.