### **EBD#3.19**

**2020-2021**

**ALA Executive Board**

**2021 Midwinter Conference**

**TOPIC:** ALA Budget Objectives/Programmatic Priorities – FY2022

**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 FY22 budget and as a key framework for budget planning:***

* **Align expenditures with revenues**
* **Increase revenue sources**
* **Develop budget surplus**
* **Focus on financial stability**
* **Develop new budget metrics**

**REQUESTED BY:** Tracie Hall, ALA Executive Director

 Denise Moritz, ALA Interim CFO

 Maggie Farrell, ALA Treasurer

**DATE:** 15 January 2021

### **BACKGROUND:**

### In accordance with ALA Bylaws (Article IX, Sec. 1), the ALA Executive Board presents to the ALA Council 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 Midwinter 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

The Covid-19 pandemic, and the decline of its traditional revenue streams have challenged ALA’s budget requiring the Executive Director, ALA Finance Office, Executive Board, and member leaders to examine its financial infrastructure. In combination with the Strategic Pivot Plan, the focus for the next couple of fiscal years is to increase and diversify ALA revenue streams, enforce new internal controls to align expenditures with revenues, and to develop best practices in association with budget management. This focus will strengthen the fiscal underpinnings of the association and will enable ALA staff and member leaders to achieve the programmatic priorities. The proposed budget objectives are not a rejection of past programmatic priorities and what those priorities represent.  Instead, the proposed budget objectives focus on the processes needed to ensure fiscal health and stability for the association.  The past programmatic priorities continue to be expressed through the association’s core values and strategic directions.

The FY22 Budget Objectives are:

**Align expenditures with revenues**

ALA staff will closely examine their expenditures according to revenue projections and adjust throughout the year as necessary to balance the FY22 budget.

**Increase revenue sources**

Currently, ALA relies on three main revenue streams. The Strategic Pivot Plan is developing new and diverse revenue streams with a goal of six primary revenue streams that will support ALA priorities for the long term.

**Develop budget surplus**

A small revenue surplus will be planned in order to build a reserve, as well as to improve the liquidity needs for association activities.

**Focus on financial stability**

Stabilizing ALA’s finances is a requisite for allowing ALA’s mission and core activities to continue during a very uncertain economy 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 assessing the overarching and intertwined goals of increasing membership and revenue; the budget objectives articulated above; the performance of its now doubled revenue streams (Continuing Education and Contributed Revenue launch as standalone revenue streams in FY2022; Data, Research, and Design launches in FY2023); as well as to determine 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 five Budget Objectives will guide ALA staff in developing the FY22 budget in addition to providing a foundation for our work in advancing libraries and library workers.