

Council Financial Orientation

- The ALA Budget and Decision-Making Process -

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Philadelphia, PA

The Financial Process Starts and Ends with Your Actions

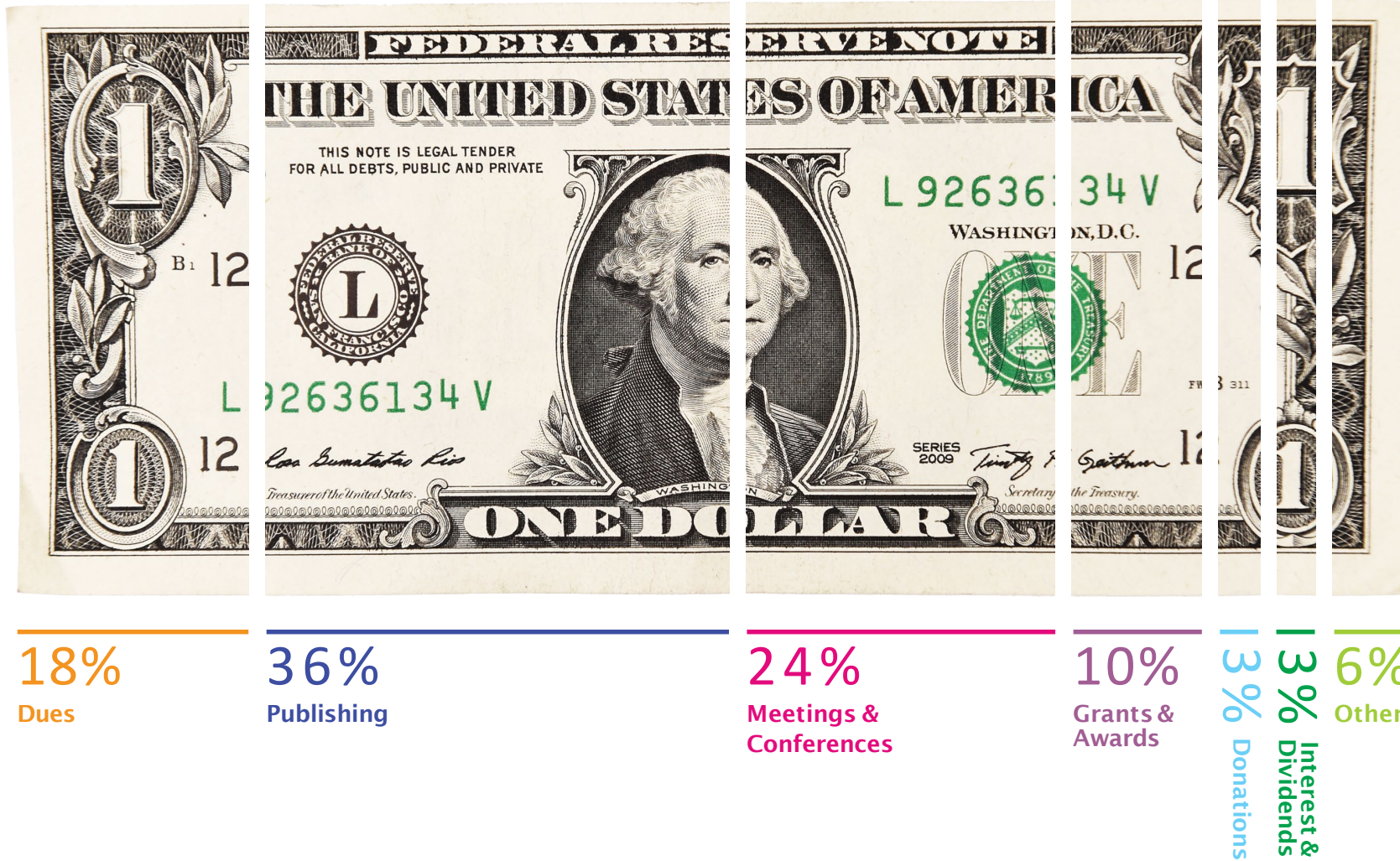
At Each Midwinter Meeting

- Council approves the Association's Programmatic Priorities and Strategic Directions

At Each Annual Conference

- Council approves the Annual Estimates of Income

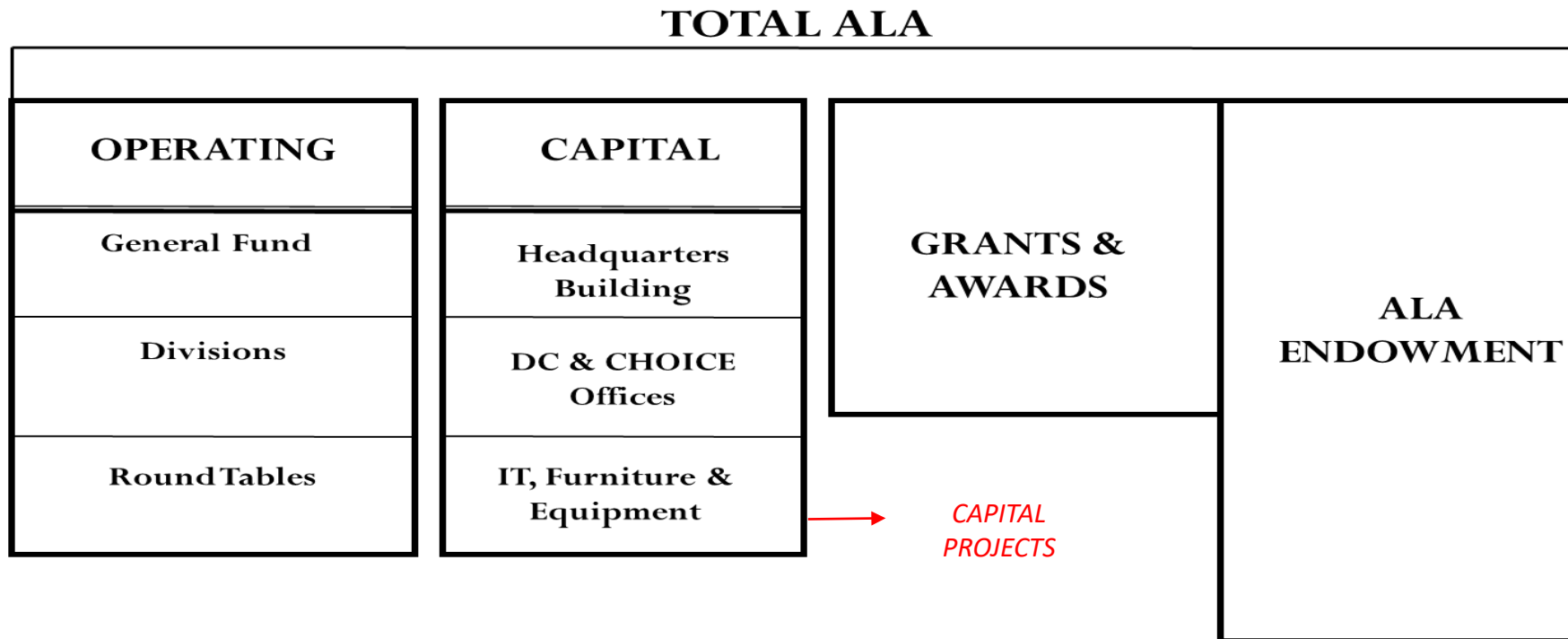
Sources of ALA Revenue



Where Does Your ALA Dollar Go?



ALA Operating Structure



The ALA Strategic Directions & Five Year Financial Plan

How Do We Achieve the ALA's Mission and Fund It?

ALA Mission

ALA Key Action Areas

- Advocacy for Libraries & the Profession
- Diversity
- Education & Lifelong Learning
- Equitable Access
- Intellectual Freedom
- Literacy
- Organizational Excellence
- Transforming Libraries

ALA Strategic Directions

- Advocacy
- Information Policy
- Professional & Leadership Development
- Equity, Inclusion and Diversity

Core Organizational Values

ALA American Library Association

5 Year Plan FY 2015-2020

	Actual	Actual	Actual	Actual	Plan	Plan	Plan	Plan	Plan
	2012	2013	2014	2015	2016	2017	2018	2019	2020
TOTAL ALA									
Advocacy - House Revenue	\$ 12,402,424	\$ 12,875,428	\$ 12,718,028	\$ 12,645,128	\$ 12,680,128	\$ 12,804,222	\$ 12,977,174	\$ 13,246,474	\$ 13,493,708
Education - House Revenue	1,742,224	1,845,224	1,745,224	1,745,224	1,745,224	1,800,224	1,855,224	1,910,224	1,965,224
Membership - House Revenue	1,711,148	1,841,148	1,746,148	1,746,148	1,746,148	1,800,148	1,855,148	1,910,148	1,965,148
General - House Revenue	1,847,224	1,948,224	1,848,224	1,848,224	1,848,224	1,903,224	1,958,224	2,013,224	2,068,224
Grants - House Revenue	5,744,224	6,022,224	6,044,224	6,044,224	6,044,224	6,401,110	6,500,000	6,599,000	6,698,000
General Income and Investment Earnings	365,224	225,224	1,480,224	1,500,224	1,500,224	1,500,224	1,500,224	1,500,224	1,500,224
Total House Revenue	\$ 40,072,224	\$ 44,000,000	\$ 44,000,000	\$ 44,000,000	\$ 44,000,000	\$ 46,407,100	\$ 47,000,000	\$ 47,360,000	\$ 47,750,000
Overhead Rate	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
GENERAL FUND									
Advocacy - Net Revenue	\$ 172,224	\$ 355,224	\$ 602,724	\$ 602,724	\$ 1,400,724	\$ 1,178,978	\$ 1,237,182	\$ 1,295,890	\$ 1,406,076
Education - Net Revenue	624,224	1,113,224	886,724	707,224	600,224	726,106	1,047,106	1,368,106	1,700,000
Membership - Net Revenue	6,022,424	6,460,224	6,271,224	6,271,224	6,271,224	6,440,000	6,540,000	6,640,000	6,740,000
General - Net Revenue	365,224	466,224	366,224	366,224	366,224	400,000	400,000	400,000	400,000
Grants - Net Revenue and Investment Earnings	5,379,224	5,697,224	5,678,224	5,678,224	5,678,224	6,001,110	6,100,000	6,199,000	6,298,000
Total Net Revenue and Income	12,068,896	\$ 13,111,156	\$ 13,096,100	\$ 13,096,100	\$ 13,096,100	\$ 13,747,194	\$ 13,887,288	\$ 14,303,096	\$ 14,844,076
Advocacy - Overhead	1,115,224	2,381,000	2,381,000	2,371,000	2,341,000	1,804,978	1,888,892	1,933,892	2,000,000
Education - Overhead	1,840,000	1,840,000	1,840,000	1,840,000	1,840,000	1,840,000	1,840,000	1,840,000	1,840,000
Membership - Overhead	1,840,000	1,840,000	1,840,000	1,840,000	1,840,000	1,840,000	1,840,000	1,840,000	1,840,000
General - Overhead	1,840,000	1,840,000	1,840,000	1,840,000	1,840,000	1,840,000	1,840,000	1,840,000	1,840,000
Grants - Overhead	1,840,000	1,840,000	1,840,000	1,840,000	1,840,000	1,840,000	1,840,000	1,840,000	1,840,000
Total Overhead	7,615,224	7,615,224	7,615,224	7,615,224	7,615,224	\$ 8,565,864	\$ 8,565,864	\$ 8,565,864	\$ 8,565,864
Net Revenue and Overhead	\$ 4,453,672	\$ 5,495,932	\$ 5,480,876	\$ 5,480,876	\$ 5,480,876	\$ 5,181,320	\$ 5,321,424	\$ 5,737,232	\$ 6,279,212
Available Unrestricted Funding for GP from FY									
General Fund Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Member Programs and Services - Office	2,000,000	1,780,000	1,780,000	1,780,000	1,780,000	2,120,170	2,120,170	2,120,170	2,120,170
Advocacy and Member Relations - Office	1,710,000	1,710,000	1,710,000	1,710,000	1,710,000	1,710,000	1,710,000	1,710,000	1,710,000
Information Policy - Office	1,710,000	1,710,000	1,710,000	1,710,000	1,710,000	1,710,000	1,710,000	1,710,000	1,710,000
Professional & Leadership Development - Office	1,710,000	1,710,000	1,710,000	1,710,000	1,710,000	1,710,000	1,710,000	1,710,000	1,710,000
Equity, Inclusion and Diversity - Office	1,710,000	1,710,000	1,710,000	1,710,000	1,710,000	1,710,000	1,710,000	1,710,000	1,710,000
IT - Office	1,710,000	1,710,000	1,710,000	1,710,000	1,710,000	1,710,000	1,710,000	1,710,000	1,710,000
Facilities - Office	1,710,000	1,710,000	1,710,000	1,710,000	1,710,000	1,710,000	1,710,000	1,710,000	1,710,000
Programs - Office	1,710,000	1,710,000	1,710,000	1,710,000	1,710,000	1,710,000	1,710,000	1,710,000	1,710,000
Staff Support - Office	1,710,000	1,710,000	1,710,000	1,710,000	1,710,000	1,710,000	1,710,000	1,710,000	1,710,000
General Administration Expenses	1,117,000	2,475,000	2,475,000	2,475,000	2,475,000	2,837,170	2,837,170	2,837,170	2,837,170
Total General Fund Expenses	\$ 13,065,000	\$ 13,065,000	\$ 13,065,000	\$ 13,065,000	\$ 13,065,000	\$ 17,947,000	\$ 17,947,000	\$ 17,947,000	\$ 17,947,000
Net General Fund Revenue (Expense)	\$ 1,388,672	\$ 2,429,932	\$ 2,415,876	\$ 2,415,876	\$ 2,415,876	\$ 2,664,320	\$ 2,564,424	\$ 2,972,232	\$ 3,564,212

ALA Five Year Plan

ALA Fiscal Year 2017 Budgetary Ceiling

Background and purpose: As part of ALA's annual budget process, a budgetary ceiling is calculated and presented to the Budget Analysis and Review Committee (BARC) for approval. The budgetary ceiling document captures and presents all available resources, or sources of funds, that can be expended during the subsequent fiscal year. Sources include a starting amount represented by any accumulated Net Asset Balances built up over previous fiscal years. Additionally, these Net Asset balances are supplemented by budgeted revenues as well as any inter-fund transfers. The total of these sources represents the ceiling, or maximum available resources from all sources. BARC is charged with reviewing and approving the individual fund ceilings and Total All Funds ceiling presented in the top row below.

	General Fund*	Dispositions	Round Tables	Grants and Awards	Long-Term Investment	TOTAL ALL FUNDS
A+B) TOTAL ALA BUDGETARY CEILING (for approval)	30,120,362	28,387,887	2,081,551	3,413,210	366,368	64,379,378
A) Net Asset Balance (projected at end of FY 2016)	14,761,317	1,549,643				16,310,960
FY 2017 Budgeted Revenues (before transfers)	29,074,333	13,611,230	441,908	3,413,210	1,214,967	47,755,588
FY 2017 Budgeted Revenue Transfers:						
Interest & dividend transfer to General Fund	981,029				(981,029)	0
Spectrum interest & dividends					212,730	212,730
Life Member Dues	68,000	12,340			(80,340)	0
Continuing Members	(1,000)	5,000				0
Total Revenues (budgeted plus transfers)	30,120,362	13,628,570	441,908	3,413,210	366,368	47,868,318

* As per ALA Operating Practice, the General Fund's Net Asset Balance, if any, is not considered for the calculation as each fiscal year's budget is approved with revenues balancing expenses.

ALA Annual Budget

Guided by ALA's Mission and Strategic Directions, the ALA Five Year Financial Plan and Annual Budget act as ALA's financial "roadmap"

Who are Key Stakeholders in Development of ALA Budget ?

- Broad Overview

- Strategic Plan
- Senior Management
- Planning & Budget Assembly
- Member Leaders

- Governance View

- Executive Board
- Council
- BARC
- Finance & Audit Committee

- Staff View

- Divisions
- Round Tables
- Committees
- Departments
- Units



Budget Analysis and Review Committee

- BARC -

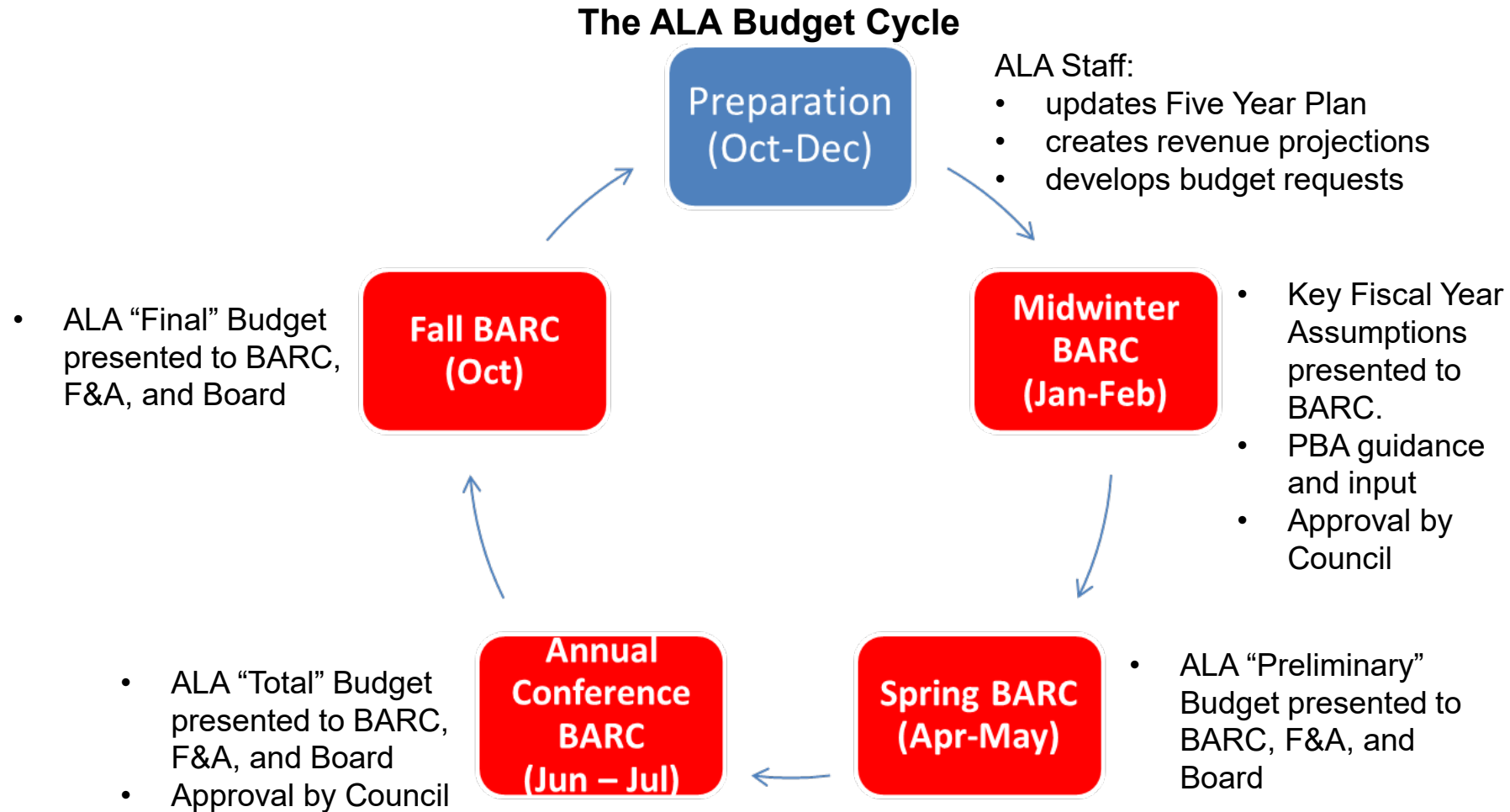
- ALA Council standing committee
 - six members at large from general membership
 - two members from Executive Board
 - ALA Treasurer is a member
- Has primary responsibility for detailed review and monitoring of budget
- Charged to review proposed budget as forwarded from Executive Board in spring
- Reviews current year's budget financial performance
- Reviews resolutions from Council that may have potential financial implications
- Reports to Council on performance of budget

Council Referrals to BARC

- BARC is charged with determining financial impact, if any, of any referrals from Council
- BARC works closely with Resolutions Committee to provide a transparent review process for resolutions
- BARC reports to Council on findings of financial impact analysis
- **Recent Council Referrals to BARC**
 - Roadblocks to Diversity Leaderships
 - Fossil Fuel Investments in ALA Endowment

ALA's Annual Budget Process

How Do We Set Priorities and Allocate Resources Annually?



With the dual goals of mission attainment and financial sustainability, the process for FY19 began in Oct-Dec 2017 (1st Quarter FY18)

Other Important Information to Know

- Final adjustments can and are made to budget between Annual Conference and Fall Executive Board meeting
 - final budget is approved at this time (October), even though new fiscal year has started
- Once final budget is approved, it is final
- New projects/initiatives introduced outside approved budget process will generally have to wait until next budget cycle
 - new projects/initiatives developed outside budget process are handled on a case by case basis and encouraged to wait until next budget cycle

The ALA Operating Agreement

- Establishes a shared responsibility for the management of the Association
- Adopted in 1976 by ALA Council, revised in 1982
- Framework for ALA General Fund and Divisions to function together effectively and efficiently
- Divisions have the autonomy, independence and freedom to pursue goals and objectives specific to them
- Collaboration/Cooperation is our primary priority as ALA and its Divisions have opportunities...to stimulate and build on each other's strengths

An Important Aspect of the Operating Agreement

The Overhead AKA Indirect Cost Rate

- Covers mandated central services i.e. Human Resources, Accounting, Building, Office Space, Legal etc.
- The rate is calculated annually in Spring/Early Summer via a financial model
- The calculation is determined by taking the indirect costs generated by the model for ALA's revenue generating units - Conferences and Publishing divided by their revenue
- Currently 26.5%

Strategic Budget Investments

- Enhance fundraising capacity
 - ✓ Reallocate existing staff positions to support 2.5 additional FTE
 - ✓ Major gifts director, prospect researcher and support
- Support 21st century advocacy efforts
 - ✓ CRM (customer relations management) system for advocacy information
 - ✓ Support for enhanced outreach and engagement including “fly-in” event early in budget season for strategic legislative contacts
- Strengthen IT infrastructure and services
 - ✓ First year of three-year planned investment for capacity and customer service
 - ✓ Improved access to services, communication and information for members, staff and public

Additional Useful Resources

- **Member Leaders**

- **Treasurer Maggie Farrell**
- **BARC Chair Peter Hepburn**

- **ALA Staff**

- **Executive Director**
- **Division Executive Directors**
- **CFO and ALA Finance Staff**

- **Online Webinars and Other Training**

- www.ala.org/aboutala/governance/financialdata
- <http://www.ala.org/aboutala/treasurerspage>
- [http://www.ala.org/aboutala/sites/ala.org/aboutala/files/content/governance/financialdata/financialrpts/ALA Financial Handbook Final15.pdf](http://www.ala.org/aboutala/sites/ala.org/aboutala/files/content/governance/financialdata/financialrpts/ALA_Financial_Handbook_Final15.pdf)