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## ALA responds to financial situation

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CHICAGO – American Library Association (ALA) President Wanda K. Brown and the ALA Executive Board released the following statement in response to financial shortfalls in the current fiscal year operating budget that were first brought to light at the Association's recent Midwinter Meeting.

"For many years, the Executive Board and ALA staff have understood that the Association's three main revenue streams—membership, conferences, and publishing—were declining while operations were experiencing inflationary pressures. We take our role as financial stewards of the organization very seriously and, with an eye toward growing our revenues and strength as an association, in 2017 we authorized initiatives such as a strategic investment budget (a planned deficit) to improve information technology, development and advocacy initiatives and have provided regular reports to ALA Council and BARC. Additional strategies included the recently completed sale of ALA's headquarters buildings, which turned a real estate asset into a revenue generating asset for future financial returns in the endowment fund.

"However, FY16-FY19 had unplanned deficits in addition to the strategic investment areas. The unplanned deficits fall primarily into two categories: underperformance by ALA's three primary revenue streams and overspending in several areas, with the greatest in IT. The result is a financial situation that is impacting all areas of ALA.

"The greatest impact of the unplanned deficits is in this fiscal year, due to a liquidity issue, as a cash shortfall in our operating budget. While divisions and roundtables retain use of their fund balances, cash may not be available for large expenditures such as endowment transfers without planning. General operations continue as normal for divisions and roundtables, but we encourage communication with financial personnel within ALA to determine the impact of liquidity upon operations and timing of financial actions. By ALA policy, divisions and other units are expected to be strong, strategic stewards of their funds and provide fiduciary oversight. The Board and the Executive Director deeply appreciate the stewardship that made these funds available to help ALA through this period. We also understand that division leaders felt they were not adequately consulted; we pledge to do better in the future.

"Beyond the immediate situation, there are other fiscal challenges. The three traditional revenue routes are not growing sufficiently to sustain us into the future. The library workforce in the United States contracted during the recession and library work, and staff patterns continue to change. The best economic forecasts

indicate that our profession is not likely to ever rebound to the size or staffing pattern it was prior to 2008. Indeed, attention to changes in the library ecosystem as well as in ALA's business environment was behind the Board's decision for critical strategic investments benefiting every unit for future success.

"There are opportunities to diversify and expand membership, but overall, a smaller workforce impacts both membership and conference attendance. Newer generations of librarians have different expectations for how they engage with one another in association work. Therefore, Conference Services is working with members to develop compelling content as well as supporting virtual meetings in support of some of the association work.

"Similarly, publishing in ALA is following challenging patterns found throughout the industry. We are aware of these trends and we also recognize that our association has a level of complexity that creates another barrier to success. Neither the changing face of the profession nor the tough questions about the future of membership or of association governance can be ignored if we are going to continue to thrive.

"It should be noted that ALA's endowment and net assets continue to be strong. The endowment comprises long-term investments that support current and future initiatives such as scholarships, awards, and mission programs. We have not tapped nor intend to use these assets to solve the short-term cash needs.

"As association leaders, the Board is immediately implementing additional financial controls and accountability to help steward ALA through this challenging period. We will play a more active role in ensuring that all ALA units stay within their budgets. Revenue forecasts will include more rigorous justification and will be tracked and reported to the Board on an ongoing basis. The Board will also work closely with ALA units and the interim CFO to make reporting more transparent to us all.

"The work of the Steering Committee on Organizational Effectiveness (SCOE) began with a focus on making ALA more transparent and facilitating better member engagement. In light of the current fiscal situation, some findings in the October 2019 report Forward Together are prescient and more urgent than ever. As we look toward the ALA of the future, the luxury of redundancy and complexity is no longer an option. We urge all ALA members, to ask ourselves what are we willing to try and adjust as we go along? What changes will help us reach our goals of organizational excellence? How much longer can we wait to make significant changes, and what changes will help us – collectively – enhance our effectiveness in meeting the needs of members as well as libraries and the communities they serve?

"While the current financial situation is unfortunate, we have an opportunity and a mandate to work on new ways to engage our members, grow strategic partnerships, and advocate for libraries and those that rely on them. Your wisdom and experience will contribute to our ongoing discussions about our future together. We are continuing to work with ALA Council and units for ongoing dialogue and regular communication on financial issues."

### **About the American Library Association**

The American Library Association is the foremost national organization providing resources to inspire library and information professionals to transform their communities through essential programs and services. For more than 140 years, the ALA has been the trusted voice of libraries, advocating for the profession and the library's role in enhancing learning and ensuring access to information for all. For more information, visit [ala.org](http://ala.org).



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