ACRL Budget & Finance Committee Virtual Meeting

Monday, January 13, 2020, 1:30 – 3:30 PM CST
Zoom Virtual Meeting

Present: Carolyn Henderson Allen (Chair), Tara Baillargeon, Jon Cawthorne, Fannie M. Cox, Mary Ellen Davis, Erika Dowell, Alexia Hudson-Ward, Binh Le, Scott Mandernack, Kevin Merriman, Joe Mocnik, Allison Payne (staff liaison), Kristen Totleben.

Guests: Margot Conahan, Mark Cummings, David Free, Kara Malenfant, Erin Nevius, Mary Jane Petroski, Elois Sharpe

1.0 Welcome and Introductions

2.0 Assign Recorders (Allen)
Review of expectations and contents of meeting record to assign recorders.

- Recorder 1: Monday, January 13, 1:30–2:30 = Erika Dowell
- Recorder 2: Monday, January 13, 2:30–3:30 = Joe Mocnik
- Recorder 3: Saturday, January 25, 9:00–10:00 a.m. = Tara Baillargeon
- Recorder 4: Saturday, January 25, 10:00–11:00 a.m. = Kristen Totleben
- Recorder 4 Sunday, January 26, 8:00–9:30 a.m. = Fannie M. Cox
- Recorder 5: Sunday, January 26, 9:30–10:50 a.m. = Joe Mocnik
- Compiler = Carolyn Henderson Allen

3.0 Adoption of the Agenda/Confirm Meeting Outcomes (Allen)
Agenda adopted without amendment.

4.0 ACRL Finances (Allen/Davis)
ACRL Budget and Finance Committee Chair Carolyn Henderson Allen reviewed FY19 Annual Report (Doc 1.0). Allen asked the committee to pay special attention to evaluating how we are allocating funds to special programs, such as: Value of Academic Libraries, Research & Scholarly Environment, and New Roles and Changing Landscapes. ACRL Executive Director Mary Ellen Davis reported that these are areas where we may need to reduce funding as we need to shrink the overall ACRL budget.

Regarding the CHOICE budget, CHOICE Editor and Publisher Mark Cummings and Allen noted that much of the deficit this past year is the result of writing down expenses related to Open Choice.

Looking at comparisons to FY18 (similar conference year), Allen stated that her great concerns are about membership, and the challenges of growing, or even sustaining, membership.
5.0 Discounted Student Dues Rate (Davis/Petrowski) #12.0, #12.1, #12.2
ACRL Associate Director Mary Jane Petrowski reported that we are in the third year of a pilot of the $5 student dues program. It has increased student membership. Four possible recommendations to make: Maintain student dues at the $5 level; Lower student dues; Restore student dues to FY17 level ($45); or Increase student dues to some amount between $6-$44 per year. We should consider the rate not only though a financial lens, but also as a symbolic statement.

Compared with other sections, only AASL has higher student membership rates. Beginning in 2018, many library school courses adopted an AASL textbook and made it required reading. Students who joined AASL received a $100 discount on the text.

Students are renewing from one year to the next at a good rate. Because we allow students to stay at the student membership level for 5 years, it will be a while before we have good data for conversion from student to regular membership.

Changes at a higher level (ALA) may override whatever we decide about dues levels. Davis recommended we proceed as usual, since any kind of change related to the structure of ALA or ACRL would take time to be implemented.

Dowell and Merriman spoke in favor of continuing the $5 student dues program.

Le asked whether international students are eligible for this rate. Petrowski will look into the question.

6.0 Individual Dues Rates for FY21 (Allen & Petrowski) #5.0, #5.1
Petrowski noted we review dues rate annually. Using the December 2019 Higher Education Price Index (HEPI) index, the recommended dues increase by two dollars to match the index’s reported 2.4% increase.

Cox made the following motion, which was seconded.

**Motion:** That the Budget & Finance Committee recommend to the ACRL Board of Directors raising ACRL regular personal membership dues by two dollars ($2.00) and retired membership rates by one dollar ($1.00) as permitted by the 2019 HEPI. The FY19 HEPI reported a 2.4% increase. This increase permits increasing the ACRL personal dues rates for FY21 to: 1. Personal members: $70 2. Retired members: $45

The motion was approved unanimously.

**Action:** Alexia made a motion to the motion to continue $5 dues until 2020, seconded by Erika; motion carries unanimously.
7.0 ACRL 2021 Conference Campaign (Petrowski)

Petrowski spoke on behalf of Lori Goetsch, chair of the ACRL 2021 campaign. Since the ACRL 2015 conference, we have raised $50,000 each year. The current recommended goal is $60,000, and we are halfway toward that goal. There was a good Giving Tuesday push, and many sections give excess section basic funding towards scholarships.

Allen asked if the larger goal would allow more scholarships. Petrowski says the overall grant number is devised to remain tax-free under IRS rules, so we could better fund existing scholarships or provide additional scholarships.

Many scholarships cover conference registration and reimbursement for travel. Other scholarships are just registration, especially for local recipients.

Davis noted that in budget assumptions, scholarship funding could be from the ACRL budget and have fundraising support scholarships in full. So, the larger number is not devised to increase the number of scholarships, but to offset support no longer in the ACRL budget.

Allen noted that letter is not clear about how the larger fundraising goal will affect the number of scholarships.

Motion by Dowell, seconded by Bihn Le, That the ACRL Budget and Finance Committee recommends that the ACRL Board of Directors approves a $60,000 fundraising goal for the 2021 ACRL Conference Scholarship Campaign.

The motion was approved.

8.0 ACRL FY21 Preliminary Budget (Davis) #6.0, #7.0, #7.1, #7.2, #8.0, #9.0, #15.0, #19.0, #20.0, #21.0, #22.0, FYI-1

The committee will briefly review the FY21 budget assumptions and the changes staff made in developing the budget, consider the appropriate net asset balance for ACRL, and consider whether resources are allocated in a way to support the Plan for Excellence. The committee should also consider how to advise the Board on how to prioritize funding its programs and services if there are not enough resources to fully support current and new initiatives. With these assumptions in mind, the committee will then discuss the ACRL preliminary FY21 budget in order to provide feedback to staff. This discussion will be continued during the B&F Meetings at the ALA Midwinter Meeting.

Mary Ellen provided an overview of the budget and projections; a caveat that the conference years provide net revenue; spending the net asset balance continues as previously planned; ACRL removed a staff position as a major cost saving; scholarships cut from $75K to $60K.

Discussion revolved around the question regarding what deficit levels the group is comfortable with during the conference year, if any at all.
There is a savings from staff not attending the Midwinter conference, but for the ALA mostly. How to avoid potential financial crisis and becoming “cash poor”?

Is it worth to potential harm the member services by making a commitment to staying in the black during the conference years?

There is an expectation that the rules of the game are going to change as ALA is continuing to realign.

Mary Ellen made a budget recommendation to stay the course and potentially avoid a high-risk levels of reserves. She also appealed to all members to continue the conversation in preparations for the onsite conference.

9.0 CHOICE FY21 Preliminary Budget (Cummings) #6.0, #7.0, #7.2
The committee will discuss the CHOICE preliminary FY21 budget and provide feedback to staff. If needed, this discussion can continue at the B&F Meetings at the ALA Midwinter Meeting.

Choice Editor and Publisher Mark Cummings went over the financial results for the last seven years with an attention to detail. Good job done with reducing the costs, instituting efficiencies and reducing 4 staff members since 2013. Sagging revenues in subscriptions remain to be a challenge. Decline in circulation for print products continues in the range of ~10% per year, resulting in a decline in advertising.

Webinars were a real success with increase in attendance and revenue.

Overall, there is a sense of shuffling/reallocating fixed amount of monies due to industry consolidation and other challenges.

Podcasts series is up and Mark has budgeted for some reductions in licensing revenue.

On the expense side, the staff costs have gone by 5% over the last six years, which is commendable keeping the larger context in mind.

It is planned that Mark (CHOICE) will give around $300K back to ALA in overhead.

Mary Ellen thanked the staff and committee members for their excellent work.

3:33 p.m. 10.0 Adjourn (Allen)

Submitted by ACRL Budget & Finance Committee members Erika Dowell and Joe Mocnik.
ACRL Joint Board & Budget and Finance Committee Meeting

Saturday, January 25, 2020, 9:00 a.m.-11:00 a.m.
ALA Midwinter Meeting 2020, Loews Philadelphia

Present: Tara Baillargeon, Jon E. Cawthorne, Fannie M. Cox, Jeanne R. Davidson, Erika Dowell, Caroline Fuchs, Mary Ellen Davis (ex-officio member), Emily Daly, Kim Copenhaver, April Cunningham, Fannie M. Cox, Jeanne Davidson, Erika Dowell, Caroline Fuchs, Carolyn Henderson Allen, Alexia Hudson-Ward, Cinthya Ippoliti, Allen, Binh P. Le, Scott Mandernack, Joe Mocnik, Karen Munro, Lauren Pressley, Brian Rennick, Kristen Totleben, Allison Payne (ACRL staff)

Guests: Mark Cummings, Kara Malenfant, Kathy Parsons

1.0 Welcome and Introductions (Allen)

2.0 BARC/ALA Exec. Board Liaison (Maggie Farrell)

The group will receive an update from ALA Treasurer and ACRL’s liaison from the ALA Budget Analysis & Review Committee (BARC) and ALA Executive Board concerning a number of issues including but not limited to:

- ALA’s current and future financial position as described in Farrell’s AL column. #J, #O, #Q, #R, #R.1, #S, #T, #X, #Y
- Status and charge of ALA financial study group.
- Financial implications of the proposed SCOE recommendations. #K, #L, #L.1, #P, #U
- Opening of the operating agreement, timeline, and what impact this might have on ALA and ACRL finances. #V, #W

ACRL BARC/ALA Executive Board liaison Maggie Farrell reported that a committee will be formed to look at ACRL’s financial situation and conduct a budget analysis to help inform financial planning for ACRL. There is concern about ALA’s overhead rate and the perception that ALA will use ACRL’s short term investment funds to remain financially viable. Committee members believe that not enough information is available to help ACRL make informed decisions about its future. Members expressed concern about the current situation and lack of transparency.

Overhead rate is a key component of the operating agreement between ALA and its divisions. A task force will be formed to look at the operating agreement and identify potential models for moving forward. BARC will assess ALA’s strategic investments to determine the return on these investments for the entire organization, including divisions and all ALA members. Moving forward on how to manage ALA’s depleted cash reserves will dominate spring conversations.

Conference attendance is down and the Conference Committee is looking at a new type of event for subsequent Midwinter meetings. “Forward Together” provides an opportunity to look at the relationships between division level conferences.
ALA’s new Executive Director Tracie Hall starts Feb 14th. ALA sold the headquarters building for $6.4 million and $5 million of that went into the endowment. There is not a plan yet in place to ensure ALA’s deficits do not continue moving forward.

A task force will be formed to provide a budget lens to SCOE. The task force will be an ALA taskforce, and a charge will be drafted post-midwinter.

Committee members recommended that a letter of concerns should be drafted, possibly from the chairs of division level Budget and Finance Committees, and sent to the ALA Executive Board. Such a letter could also provide talking points for communicating with membership.

3.0 Higher Education Funding & Trends (Allen) #B, #F, #G, #Z

The group will review and discuss the current and future economic climate on campuses, and the expected impact this will have on ACRL membership, programs and services.

Membership is down and we need to address why new librarians are not joining ALA. There are increasing numbers of professional development opportunities available outside of ALA & ACRL. We also need to prepare for the impact that decreasing birthrates, decreasing international student enrolment, and the growth of online learning will have on higher education. There’s also a trend of newer professionals expecting to be paid for their work with ALA/ACRL which creates challenges for budgeting and moves ACRL away from being a volunteer organization.

4.0 EDI activities and Budget (Allen) #B, #C, #D, #H, #I

The group will receive an overview of ACRL’s Equity, Diversity and Inclusion (EDI) activities to date, and will discuss potential EDI activities/initiatives that ACRL should undertake, and the EDI budget for proposed projects. Are there institutions/organizations with which ACRL could partner to develop training?

There was reference to an article, “Why Diversity Initiatives Fail: Symbolic gestures and millions of dollars can’t overcome apathy,” from the Chronicle of Higher Education about major issues being faced by higher education. Declining enrollments is one of the largest pain points. Without tuition dollars, some plans need to be deferred or cancelled. Legislatures are questioning the value of higher education institutions. If situation at ALA continues, how does ACRL continue. As we move forward, we can be nimble.

Other long-term factors affecting for higher education are: low birth-rates, increasing number of international students, online and extended learning. People are questioning the value of a college degree. Lack of understanding of educational training vs. vocational training. Libraries could help out- resistance of higher education due to perceived lack of freedom of speech.

One of the challenges ACRL has is that library schools are producing graduates that don’t have the skills libraries need. There is a decline in ACRL membership, people don’t want to pay for
training and professional development and membership. A lot of libraries are hiring people without an MLS. People want to be paid for presenting, publishing. What does this mean for a non-profit organization? 67% of members pay for membership on their own. There was a question about if we have data on positions for who’s being hired as non-MLS.

Discussed writing a letter. B&F will join ACRL Board in a working group to write a letter.

The committee was referred to Maggie Farrell’s column, “Achieving Our Vision: To build a financially stable Association, we must work together,” in American Libraries. Farrell says there are challenges ahead and to pay attention to the financial reports. We’re still trying to understand what that means for the division. Overhead will be reviewed and discussed.

Submitted by ACRL Budget & Finance Committee members Tara Baillargeon and Kristen Totleben.
ACRL Budget & Finance Committee Virtual Meeting

Sunday, January 26, 2020, 8:00—10:50 a.m.
ALA Midwinter Meeting 2020, Loews Philadelphia

Present: Carolyn Henderson Allen (chair), Tara Baillargeon, Fannie M. Cox, Erika Dowell, Binh P. Le, Scott B. Mandernack, Joe Mocnik, Marla E. Peppers, Brian Rennick, Kristen Grace Totleben, Jon E. Cawthorne (ex-officio), Allison Payne (staff liaison)

Not present: Alexia Hudson-Ward, Kevin Wade Merriman, Mary Ellen Davis (ex-officio)

Guests: Lynn Silipigni Connaway, Mark Cummings, April D. Cunningham, Julie Ann Garrison, Lauren Pressley

3.0 Confirmation of Virtual Vote
Action: The ACRL Budget and Finance Committee confirmed a virtual vote taken during its January 13, 2020 virtual meeting that the Budget & Finance Committee recommends to the ACRL Board of Directors raising ACRL regular personal membership dues by two dollars ($2.00) and retired membership rates by one dollar ($1.00) as permitted by the 2019 HEPI. The FY19 HEPI reported a 2.4% increase. This increase permits increasing the ACRL personal dues rates for FY21 to:

- Personal members: $70
- Retired members: $45

4.0 Debrief on Joint Board and Budget & Finance Meeting (Allen)
The committee agreed to move forward with the FY21 budget as presented, and did not have further recommendations at this time.

5.0 2019 Annual Conference Committee Meeting Minutes (Allen) #11.0
Motion: ACRL Budget and Finance Chair Carolyn Henderson Allen moved that the ACRL Budget and Finance Committee approve its minutes from the 2019 ALA Annual Conference.

Action: The ACRL Budget and Finance Committee approved its minutes from the 2019 ALA Annual Conference.

6.0 ACRL Briefing Book (Allen)
As there was not an updated Briefing Book, the committee moved to the next agenda item.

7.0 ALA Steering Committee on Organizational Effectiveness (SCOE) (Allen) #13.0, #13.1, #14.0, #15.0, #17.0
The committee agreed that it would like to see increased communication across divisions and ALA. The committee expressed interest in having an ACRL representative serve on the working groups that ALA Executive Board/BARC liaison Maggie Farrell referenced during her time with the committee and Board.
The committee expressed general support for the work of Forward Together.

8.0 FY21 Budgets for ACRL and Choice (Allen, Davis, Cummings) #6.0, #7.0, #7.1, #7.2

Choice FY21 Budget
Mark Cummings, editor and publisher of Choice, gave a brief overview of the effect on Choice of certain proposed changes to the ALA operating agreement, focusing on the consequences should the overhead rate Choice pays to ALA be doubled.

Per the operating agreement, Choice currently pays overhead of 13.25% on unit revenue, half the ALA overhead rate of 26.5%. Over the past five years (FY15-19), these payments have averaged $370K a year. During that same period Choice has operated at a loss, with net revenues averaging ($159K) a year.

In addition to its overhead payments, Choice also pays the entire cost of maintaining its offices in Middletown, CT., an average of $312K a year over the past five years.

If, hypothetically, Choice overhead rates had been doubled five years ago, our net revenue during this period would have fallen to an average of ($529K) a year. Were this trend to continue into the future, the unit would exhaust its net asset balance, currently $2.5MM, in under five years. However, the unsustainability of this approach would lead to the shuttering of the unit long before this time.

So doubling the overhead rate, without reimbursing Choice for the costs of maintaining its offices, is a shutdown scenario. Among the collateral damages to this action would be the loss of an annual revenue stream of approximately $370K a year to the ALA general fund.

ACRL FY21 Budget
The committee reviewed Doc 6.0, Basic Budget Assumptions. Allison shared that they use time study to account for the work down to an hour. There was a general consent in support of all 8 items listed.

9.0 Review of Progress on B&F Committee’s Work Plan (Allen) #10.0
The committee discussed its year-end report and work plan for next year. The committee advised to include in the report a review of the budget assumptions and staying abreast of the work of the ALA Steering Committee on Organizational Effectiveness (SCOE).

Possible updates for the work plan could include:

- If SCOE makes recommendations with implications for the ACRL budget, the committee will review and update as needed.
- Submit communications with the ACRL Board as needed to the ALA Executive Board regarding finances.
- Review of the ALA operating agreement
10.0 New Business (Allen)
There was no new business.

11.0 Adjournment (Allen)