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ALA American Library Association

6/5/22

Dear PLA Finance Committee Members,

I am writing to request that the PLA Finance Committee and Board of Directors approve the 5% allocation that the Endowment Trustees authorized during their February 2022 meeting to fund the Association during a globally financially challenging post-pandemic year.

The amount requested from PLA's Endowment portion amounted to \$73,779. The 5% allocation represents 5% of the 20-quarter rolling average fund balance for each sub-endowment fund. In addition, if approved, it will be posted to the books as an entry without funds being transferred out of the Endowment. The actual transfer of these funds out of the Endowment Fund will occur in March of 2024.

Our Fiscal Year (FY) 2023 budget process was inclusive and participatory without any constraints placed on our Budget Managers, allowing them to request funds and staffing resources needed for their programs and services in the first budget iteration. When we consolidated the results, the expenses exceeded the revenues by \$4,044,000. We also noted that several Divisions included the 5% allocation while others had not.

I want to note that an organization's Budget should be considered the financial plan for that specific year. Each year is a discrete budget year, incorporating zero-based budgeting practices.

Below is the PLA Summary Budget as of the first iteration, without the endowment allocation, and as of the second iteration with the endowment allocation.

Please note that the PLA Endowment allocation is necessary to close a portion of the gap between PLA revenues and expenses in the FY 23 budget. Please see the FY 23 PLA Revenue and Expense Budget summary below, which indicates that even with the inclusion of the \$73,779 Endowment, the PLA deficit is budgeted at \$416,704. If the allocation of the Endowment does not get approved, then PLA Division will need to find \$73,779 in operating budget reductions or increase in their revenues to offset this amount.

	1st Iteration *	2nd Iteration**
Revenues	\$ 725,641	\$ 771,448
Expenses	\$ 1,248,168	\$ 1,188,152
Net Surplus (Deficit)	\$ (522,527)	\$ (416,704)

* Without Endowment Allocation

** With Endowment Allocation

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After careful review, we identified budget alignment strategies, including delaying onboarding of new employees, reducing discretionary costs, holding requests for new positions, cost-cutting by centralizing vendors, and reviewing all spending lines for savings opportunities. In addition, each Associate Executive Director and the ALA Executive Director were required to contribute an additional amount through cost-cutting measures and efficiencies. As a result, we were able to contain expenses and further, our inclusive approach encouraged all Budget Managers to participate in this effort to balance our FY 2023 Budget.

Even with all the above reductions, we still needed to utilize the 5% endowment allocation to make the Budget a break-even budget, as when we presented our first iteration of the Budget to the Executive Board for approval, they requested that we add a small surplus, which we were able to achieve. As you are aware, the Association has an excellent opportunity to raise its contributed revenue, and a healthy balanced budget is requested by many federal, local, and private donors. We are encouraged by the ability to unite around the goal of the financial recovery that the Association and its stakeholders have shown and feel that effort will support long-term sustainability even in the midst of this protracted pandemic.

Before the second iteration of our Budget is presented to our Board, we are respectfully requesting that you approve PLA's endowment allocation of \$73,779 as part of the efforts to create a financially healthy association and to continue to offer our products and services to Librarians and Libraries uninterrupted.

We look forward to working together with the PLA Board towards a prosperous financial future and achieving our financial goals through inclusion, transparency, and collaboration.

Thank you in advance for your consideration of this request. Please feel free to contact me with any questions.

Sincerely,

Dina Tsourdinis

Dina Tsourdinis, CPA, MSA
Chief Financial Officer