May 16, 2022

Dear ALA Executive Board members,

In mid-April 2022, the PLA and ACRL boards welcomed Operating Agreement Working Group (OAWG) Co-Chairs Maggie Farrell and Andrew Pace to discuss questions (see attached) regarding proposed Operating Agreement policy changes and the need for improved budget processes. In both meetings, there was wide agreement about the need for transparency and clarity related to ALA budget processes, for inclusive collaboration across ALA and its divisions, and for building trust and accountability. PLA and ACRL are committed to being constructive partners in advancing our shared goals of strengthening association finances to advance member programs and services now and into the future.

Subsequent to this meeting and following the April 2022 ALA Executive Board meeting, however, ALA divisions have been informed that the 5% Long-Term Investment interest (LTI) allocation approved by the ALA Board will be applied to the FY23 operating budget. In the past, Divisions had the discretion to direct their LTI allocation toward the operating budget or roll it back into the endowment. The PLA and ACRL Budget and Finance Committees, in consultation with staff, would present a recommendation to our respective Boards at the time the fiscal year budget is brought for approval, which has historically been in June of each year. For FY23, however, all divisions have been ***compelled*** to take the 5% into their operating budget.

The PLA and ACRL boards write today to ensure all Executive Board members are aware of this deviation from policy and practice. Current endowment policy states that: Divisions may establish endowments or add to existing Division endowments from any source including existing fund balances once the Division has reached a minimum fund balance as determined by the Division and approved in accordance with the budget review process and approved financial plan. The establishment of Division endowments will follow the guidelines outlined in ALA policy. ***The use of the interest from these Division endowments will be subject to Division Board approval and applicable ALA policy***.

The top-down directive recently delivered is a shift in practice. Division staff and leadership were not consulted nor made aware of these plans in advance of the 2023 preliminary budget being presented to and approved by BARC and the Executive Board at their spring meetings as part of a budget alignment strategy (documents #3.21 and 21a). The Operating Agreement states that Divisions should be consulted when there is a planned change in financial practice, so this recent action is disappointing and a breach of trust that undermines the good-faith OAWG efforts in support of collaboration, transparency, and accountability. ***The PLA and ACRL Boards ask that the ALA Board review this action and reinstate Division choice related to using endowment interest for the FY 23 budget.***

We are happy to answer any questions and look forward to your response. We also hope we can begin to concretely build toward the vision of collaboration we discussed with Maggie and Andrew in future Operating Agreement policy and budget practice. We believe the association is stronger when it leverages our collective knowledge and stewardship to improve sustainability and growth.

Sincerely,

Melanie Huggins, President, and the PLA Board of Directors

Julie Garrison, President and the ACRL Board of Directors

CC: Tracie H. Hall, Executive Director, American Library Association, Mary Davis Fournier, Executive Director, Public Library Association, Robert Malone, Executive Director, Public Library Association, Sheryl Reyes, Director, Office of ALA Governance

Attachments: PLA OAWG Letter 3.5.22, OAWG ACRL Queries