

**EBD #2.4**  
**2012-2013**

**MINUTES**  
**ALA Executive Board Meeting**  
**2013 Spring Meeting**

**April 19-21, 2013**  
**Chicago, IL**

**American Library Association**

**Volume 16**

## AMERICAN LIBRARY ASSOCIATION

### **Executive Board Meeting 2013 Spring Meeting**

**American Library Association  
Carnegie Room – ALA Headquarters  
Chicago, Illinois**

The ALA Executive Board met in the Carnegie Room of the ALA Headquarters in Chicago, Illinois from April 19-21, 2013.

PRESENT: President Maureen Sullivan; President-elect Barbara K. Stripling; Treasurer James G. Neal; Immediate Past President Molly Raphael; Executive Director Keith Michael Frels; Executive Board members: Robert Banks, Dora T. Ho, Alexia Hudson-Ward, John A. Moorman, Sylvia K. Norton, Michael Porter, J. Kevin Reynolds, and J. Linda Williams.

The agenda (2012-2013 EBD #9.3.1) is attached as Exhibit 1.

#### Session One

The Board convened at 9:00 AM on Saturday, April 20, 2013, with President Maureen Sullivan presiding.

#### **Agenda Approval**

**By consent**, the Executive Board approved the agenda for the 2013 Spring ALA Executive Board Meeting (2012-2013 EBD #9.3.1 Exhibit 1). *Consent agenda*

#### **Procedural/Consent Items**

The Executive Board approved the following items:

**By consent**, accepted the following reports: President's Report (2012-2013 EBD #7.5, Exhibit 2); President-elect's Report (2012-2013 EBD #7.6, Exhibit 3); Executive Director's Report (2012-2013 EBD #12.27, Exhibit 4).

**By consent**, approved the 2013 ALA Midwinter Meeting Executive Board Meeting Minutes and Vote Tally (2012-2013 EBD #2.3 and EBD #1.6, Exhibits 5 and 6).

**By consent**, confirmed the Executive Board conference call votes from the March 19, 2013, call (2012-2013 EBD #1.7 Exhibit 7). During that call, the Board voted to approve and forward the Library and Information Association of New Zealand Aotearoa (LIANZA) Application for Affiliate Status to the ALA Constitution and Bylaws Committee for review. They also voted to approve the recommendation from

the ALA Membership Committee to offer a special “come back” promotion to small and very small libraries.

**Endowment Trustees Report** – EBD #13.5 and EBD #13.6 (Exhibits 8 and 9)

John Vitali, Senior Trustee of the Endowment Trustees, and James Neal, ALA Treasurer, made the following points:

- Due to recent stock market growth, particularly in equities, the ALA Endowment has improved significantly. On December 31, 2012, it was \$33 million, and by April 20, 2013, it had increased to \$36 million. The recent Executive Board approval of a 5% endowment payout increase in the current and next fiscal year contributed to this improvement.
- Rather than meeting monthly by telephone, as had been done in the past, the Endowment Trustees now meet quarterly in person, alternating between Chicago and New York City. The in-person meetings focus on short and mid-term strategic discussion, rather than a review of the endowment fund portfolio. The first of these meetings took place at Columbia University and featured an investment advisor roundtable that included representatives from Goldman Sachs and Merrill Lynch.
- The Endowment Trustees are examining the possibility of divesting fossil fuel holdings in the ALA Endowment Fund. Working with advisors at Merrill Lynch, the Trustees reviewed a white paper entitled “Do the Investment Math: Building a Carbon-Free Portfolio” by the Aperio Group, an investment management firm that specializes in developing customized, socially responsible portfolios. This white paper concludes that, while divesting fossil fuel holdings may negatively affect profitability and endowment growth, the impact is far less than presumed. However, after examining ALA’s portfolio, the Endowment Trustees have the following concerns with regard to fossil fuel divestment:
  - Annual growth over time will be negatively affected, because investment in renewable energy, compared with investment in fossil fuels, is not a one-to-one trade-off.
  - If divestment in fossil fuel holdings occurs, there will be fewer options to adjust to market changes.

The Endowment Trustees acknowledge that this is an ongoing debate, but believes divestment in fossil fuel holdings is not feasible at this time. They are working to provide quantifiable data to defend this position, while also looking at possible compromises, such as partial divestment that focuses on the worst environmental regulations violators (the Filthy 15) and/or issuing a statement to the fossil fuel industry that states ALA will divest if environmentally beneficial improvements are not made.

**Finance and Audit Committee (F&A) Report and FY2013 Budget Update** – EBD #4.16 and EBD # 14.7 (Exhibit 10 and 11)

James Neal, ALA Treasurer, reported on the Finance and Audit Committee meeting held on April 18, 2013. He was joined by Keith Michael Fiels, ALA Executive Director, and

Greg Calloway, Associate Executive Director, Finance and Accounting. Together they discussed the following:

- Organizational Member Special Promotion – 2012-2013 EBD #10.9 (Exhibit 12)  
Neal presented the ALA Membership Committee's recommendation to offer a special "come back" promotion to small and very small libraries.

On the recommendation of Finance and Audit, the Executive Board

**Voted to** approve the Organizational Member Special Promotion, which the Executive Board previously approved during their March 19, 2013, conference call, and the Budget Analysis and Review Committee (BARC) approved through an email vote. EBD #10.9

- FY2013 Budget Update – 2012-2013 EBD #14.7 (Exhibit 11)  
Calloway presented the FY2013 Budget Update.
  - The revenue projection stands at \$29,055,015, compared to the budgeted amount of \$31,640,176. The \$2,585,161 reduction is primarily caused by projected shortfalls for ALA Editions and RDA. In addition, net dues are projected to be lower than the budget by \$179,328. The budget, as presented for the 2013 general fund, is a break-even budget, compared to the initial approved 2013 budget that was to generate \$291,000 in net revenue.
  - \$1.8 million in expense reductions have been targeted for FY2013, including the following:
    - The 2% salary increase that was initially in the 2013 budget has been placed on hold (approximately \$250,000).
    - Ten FTEs have been unfunded in 2013 (approximately \$700,000). This includes six in Publishing and four in other general fund units.
    - Senior management took a 10% salary reduction (approximately \$47,000).
    - \$952,000 in other reductions and adjustments has been identified.
    - Publishing has saved approximately \$162,000 in salaries and an increase in the *American Library*'s budget projections.

Fiebs added that the decision about compensation will occur after the current fiscal year and would be retroactive for 2013.

On the recommendation of Finance and Audit, the Executive Board

**Voted to** approve the budget adjustments made for FY2013, as proposed by management and refers to the Budget Analysis and Review Committee (BARC) and the Executive Board with a strong recommendation that if the budget results are better than anticipated that staff compensation be a top priority. EBD #14.7

**FY2014 Budget Presentation** – EBD #14.6 (Exhibit 13)

James Neal, ALA Treasurer; Keith Michael Fiels, ALA Executive Director; and Greg Calloway, Associate Executive Director, Finance and Accounting, presented the FY2014 Budget.

Fiels began by emphasizing that the goal of the budget is to support the mission of the Association and its programmatic priorities. These programmatic priorities are approved each year by the ALA Council. Key issues in 2014 include the following:

- ALA will work with the University of Illinois at Urbana-Champaign, which already maintains ALA's print archives, to devise a digital archiving plan for the organization.
- ALA will implement an e-commerce website that will streamline the selling of continuing education and allow the public to donate to ALA without logging on to the website.
- Kathy Rosa, Director of the Office for Research and Statistics, has been instrumental in narrowing the gap between financial forecast data and real-time financial information used in the budgeting process.
- 2014 will be the first year that RDA is broadly accepted, and revenue growth is expected.
- The 2014 Annual Conference in Las Vegas is projected to make \$1 million less in revenue than the 2013 Annual Conference in Chicago. Since other 2013 revenue projections are flat, FY2014 will have \$2.8 million in reduced revenue.
- The passage of the Dues Adjustment Proposal is built into the FY 2014 Budget and is projected to provide \$80,000 in revenue.
- Due to upcoming changes in the health system, the benefits rate will increase by 3%.
- Capital expenditures will be cut.
- The 10 unfilled positions from FY2013 will also be unfunded in FY2014. In addition, there will be discussion on unfunding an additional 5 positions. ALA is looking at shared positions and utilizing retirements to reduce the head count. Divisions are reducing staff as well.
- ALA will continue to work to boost its international presence, including offering continuing education opportunities to the international market.

Calloway reported on the FY2014 Total ALA Preliminary Budget.

- At the Executive Board's 2013 Annual Conference meeting, the Budget Analysis and Review Committee (BARC) will present a recommendation to accept the budgetary ceilings by fund, with the total being \$63,230,524.
- The projected revenue for FY2014 is \$2,827,126 lower than the projected revenue for FY2013. The only two growth areas are the revenue from the Dues Adjustment Proposal and the domestic and international expansion of RDA sales.
- The round table revenue is flat year-to-year, but two division conferences occur in 2014, so division revenue will increase.
- FY2014 grant and awards revenue is projected at \$4,290,881, compared to \$6,285,991 in FY2013. However, more grants may be received than ALA is aware of at this time.

- FY2014 revenue from long term investment will increase by almost \$100,000 over FY 2013.
- The grant overhead has been increased by \$100,000.
- The proposal to increase conference registration by \$5 will generate approximately \$100,000.
- In summary, the FY2014 budget is balanced in the general fund and round tables; has a \$500,000 increase in expenses over revenues in the divisions, due to two conferences; and will have a much lower grant budget.

Discussion turned to the financial contingencies in place if a natural disaster occurs. ALA has business continuity and casualty loss insurance, should a natural disaster occur.

Calloway outlined the recommendations made to reduce the FY2014 budget:

- The carry-over of 15 unfunded positions will generate \$1,876,000 in salary and benefit reductions.
- A total of \$951,000 in reductions in departmental budgets has been proposed.
- \$129,000 in staff development has been eliminated.
- The Executive Office, Washington Office, and Governance Office have made \$139,000 in reductions.
- For divisions, the \$16,500 for program allocation will be discontinued and there is a recommendation to reduce the small division support for both the Association for Specialized and Cooperative Library Agencies (ASCLA) and United for Libraries by 50% of their \$90,000 proposed budget.

On the recommendation of Finance and Audit, the Executive Board

**Voted to** forward the Preliminary FY2014 Budget Proposal to the Budget Analysis and Review Committee (BARC) for further analysis and review. The Board affirms the strategic directions of this budget and requests that BARC report back on its analysis at the 2013 Annual Conference in Chicago with primary consideration given to staff compensation if the budget results are better than anticipated. EBD #14.6

Neal presented highlights from the Controller's Report - 2012-2013 EBD #4.17 (Exhibit 14)

- Finance and Audit met with ALA Controller Joanne Lee to discuss the audit planning process. The planning meeting is scheduled for May 29, 2013.
- ALA maintains a line of credit of \$2.5 million, and drew on it in early April 2013 in order to meet payroll. Repayment is expected in the near future.
- ALA monitors its liquidity ratios, and the numbers are currently slightly off, but will be reviewed by JP Morgan Chase in the near future.

Neal discussed the Director of Financial Reporting and Compliance Report - 2012-2013 EBD #4.19 (Exhibit 15)

- Denise Moritz is the new director of Financial Reporting and Compliance. Her primary responsibility is the various reports and filings required.

Keith Brown, Senior Financial Analyst discussed the Indirect Cost Study Report - 2012-2013 EBD #4.20 (Exhibit 16)

- The rate generated out of the Indirect Cost Study is used to charge overhead on a given fiscal year. This year's rate will be applied to the FY2015 budget.
- Indirect costs for FY2012 went down by \$170,000. The Neal Schuman acquisition had an effect on the rate, as additional resources, above what is typical for a given year, were used from ITTS, Finance and Accounting, and Human Resources. This incurred additional indirect costs and had an impact on the rate. Therefore the rate went from 24.2% to 25.4%.

**2015 Strategic Plan Implementation Report** – 2012-2013 EBD #12.28 (Exhibit 17)

Executive Director Keith Michael Fiels and Sr. Associate Executive Director Mary Ghikas discussed the progress towards achieving the goals and objectives of the Association's 2015 Strategic Plan.

Fiels provided an overview of the Strategic Plan:

- ALA is currently focusing on impacts, seeking to go beyond a record of accomplishments organized by goal and objective and into relating those accomplishments to metrics.
- ALA is currently focused on pulling resources together across the Association. One recent example is the collaboration between *Booklist* and Reference and User Services Association (RUSA) on the Andrew Carnegie medal.
- ALA effectively uses grants to advance its strategic priorities.
- ALA continues to make progress in the continuing education and international arenas, with Marketing Director Mary Mackay leading the effort.
- Despite a difficult economic climate, progress is being made on other goal-related projects including Transforming Libraries, the Digital Content Working Group, the conference redesign, ALAConnect, and the new financial system.

Ghikas noted that as ALA moves into a new planning process, the focus will shift from collecting data to analyzing data.

**Session Two**

The Board convened at 10:05 AM on Sunday, April 21, 2013, with President Maureen Sullivan presiding.

PRESENT: President Maureen Sullivan; President-elect Barbara K. Stripling; Immediate Past President Molly Raphael; Executive Director Keith Michael Fiels; Executive Board members: Robert Banks, Dora T. Ho, Alexia Hudson-Ward, John A. Moorman, Sylvia K. Norton, Michael Porter, J. Kevin Reynolds, and J. Linda Williams.

*The Board began the day with a closed session where they conducted the annual review of legal counsel and received a legal update.*

**Washington Office Report** – EBD # 12.23 (Exhibit 18)

Emily Sheketoff, Associate Executive Director, ALA Washington Office, provided an update on activities that have occurred since submitting her written report.

- The U.S. House of Representatives passed the Supporting Knowledge and Investing in Lifelong Skills (SKILLS) Act, but it is currently stalled in the Senate. The SKILLS Act contains three of the issues relevant to the work of ALA. The first is the state workforce boards, which have been coordinated with public library practices. The second is the local workforce boards, which are required to collaborate with public libraries. The third is libraries' ability to partner with one-stops, through which most federal funding is sent.
- The Immigration Bill, introduced in the Senate, contains pieces that have the potential to promote library use, including earned legalization activities that require those who want to achieve citizenship to learn English and take civics classes. The Washington Office is attempting to insert language into the bill that states public libraries, community college libraries, and school libraries can participate in teaching English as a second language and civics classes. In addition, the Washington Office has a three-year Institute of Museum and Library Services (IMLS)-funded, pilot project with U.S. Immigration and Customs Enforcement (ICE) that will instruct librarians to teach people to use e-government citizenship services.
- ALA President Maureen Sullivan and ALA President-Elect Barbara Stripling have been meeting with the Big Six Publishers, each of whom currently have pilot programs in place in several states, allowing them to sell e-books to libraries.
- The Washington Office sent a funding letter to the House and Senate, asking that the Library Services and Technology Act (LSTA) funding be set at the 2012 level.
- ALA objects to the Cyber Intelligence Sharing and Protection Act (CISPA), a bill that encourages businesses to share electronic information related to individuals with the military, without a court order. It passed in the House, but will most likely stall in the Senate.
- ALA filed an amicus brief in support of Kirtsaeng in the *Kirtsaeng v. Wiley & Sons* Supreme Court case, which involves a student lawfully importing textbooks into the U.S. and then selling them on eBay. The Supreme Court sided with Kirtsaeng, but Wiley & Sons plans to take the issue to Congress. The Washington Office has met with Congressional offices to talk about what this means for the sale of digital resources and has decided against getting involved in the digital aspect of this issue, as copyright law does not address it.

When asked about the role of libraries in educating citizens about state voter ID laws, Sheketoff noted that the League of Women Voters developed a tool that instructs local people about voting and voter registration. Libraries may put a button on their websites, directing patrons to the tool. ALA opposes any national ID requirements.

**Development Office Report** – EBD #6.3 (Exhibit 19)

Kim Olsen-Clark, Director, ALA Development Office, highlighted recent activities of the Development Office.

- Twenty-seven individuals have been asked to consider making a planned gift to ALA's 15 by 15 Campaign. The Development Office plans to attend most of ALA's symposiums and division conferences in order to meet with these individuals on a one-on-one basis. Often, these meetings include the Executive Director and/or other members who have already committed to a planned gift. After examining the Legacy Society Member commitments, it became clear that an overwhelming number donate to a division, rather than to ALA. Within ALA, the Office for Intellectual Freedom and the Washington Office are attractive donation options for many people. In all cases, a memorandum of understanding is completed to ensure that ALA is able to implement the gift effectively.
- In March, Immediate Past-President Molly Raphael participated in a panel discussion at the American Society on Aging (ASA) Aging in America Conference in Chicago, serving as a liaison to AARP. The focus was on how libraries can be involved in the prevention of isolation among older adults.
- The round tables were initially hesitant about performing annual fund campaigning to their members, but they have raised a significant amount of money.

Keith Frels discussed the potential for a joint partnership between ALA and AARP. A brand of ALA and AARP would be powerful in connecting older Americans with important library services. ALA's Public Programs Office and Development Office have been involved in meetings with AARP representatives to discuss the future of this possibility.

**Report out of Executive Session**

President Maureen Sullivan reported on the April 20 and 21, 2013, executive sessions, during which the Executive Board discussed 2013 and 2014 contingency planning.

- Keeping in mind the best interests of ALA's members and those who are served by its members, the Board began the process of identifying important strategic areas of focus, while aligning the discussion with the Rethinking ALA initiative. The next steps are to obtain data that illustrates how ALA is currently investing in these strategic areas and to think carefully about how the Board will use its time at the 2013 Annual Conference meeting to continue this work.
- In addition to hearing the legal update, the Board reviewed the performance of its legal counsel and found it to be exemplary.

**Board Effectiveness**

Immediate Past President Molly Raphael commented on the Board's effectiveness during this meeting.

*The Board adjourned at 11:00AM.*

