
ALA and its divisions: Relationships past, present, and future

By the ACRL Executive Committee

A statement passed by the ACRL Executive Committee at its Spring Meeting, April 16, 1987.

When the ALA Council accepted ACRL as the first of its divisions in 1940, a period of organizational growth and change began which led to major improvements in program and services to members, but also to complicated organizational relationships which are still not clearly understood by members.

This statement is a brief exposition of the nature of ALA and its evolving relations with its divisions. It is designed to increase understanding (without oversimplifying), and to inform members about the important "Operating Agreement" issues to be discussed in San Francisco (Annual Conference, 1987) and voted on in San Antonio (Midwinter 1988).

Under its present organization, the American Library Association is *one* legal and fiscal entity. Its assets are indivisible. Its "divisions" are analogous to divisions of a corporation or branches of a library in that they enjoy autonomy over their program activities, they are responsible for the management of certain financial resources, and they serve definable user groups with a range of products and services. But they are also inseparable legally, fiscally, or even programmatically from the rest of ALA. Division members must join ALA; the membership of any division therefore has 100% overlap with

ALA. And much of the program of ALA is carried out by divisions—in sessions at annual conference and in the products and services developed by division members and staff (standards, publications, conferences and pre-conferences, and advisory services, to name a few). Conversely, divisions benefit from the work of the rest of ALA—the Washington office, the Offices for Research, Intellectual Freedom, Outreach Services and Library Personnel Resources, and ALA Publishing, for instance.

Although ACRL became a division in 1940, it only hired its first staff member in 1948. Other divisions also moved in this direction. Before 1976, division budgets were based on allocations from ALA general funds. Then Council adopted the ALA Dues Schedule Transition document, which established the principle that divisions are responsible for their own budgets. It provided for division membership dues and placed divisions in a position of having to generate sufficient revenue—from dues and other sources—to cover their direct expenses, including staff salaries. This changed their budgeting philosophy from that of receiving an allocation and limiting expenses to live within that allocation, to that of being "revenue-driven," a condition in which growth and expansion are limited only by the ability to develop revenue sources

which can finance operations.

However, the question of what items were legitimately expenses of divisions and what were ALA's was clarified only in 1981 with the adoption of the "Operating Agreement" which specified certain "Basic Services" supplied by ALA to divisions. These included space, office equipment, financial accounting and reporting, personnel services, and certain publishing and communications services, in short, all of the indirect costs of divisions. The agreement also supported the principle that ALA would, when it acquired an adequate accounting system, pay divisions interest on what came to be known as division fund balances, and on revenues received in advance of division national conferences.

The agreement specified that it should be reviewed after 5 years. Accordingly, at the Midwinter Meeting in 1985 COPEs asked ALA program unit heads to review it and make suggestions. For several reasons, the process has taken a long time. Growth and technological changes have affected the concept of Basic Services, clouding the issue of what should be provided free of charge by ALA to divisions. ALA leaders have grown in sophistication concerning ALA's overall financial condition, realizing that the total financial position includes division monies, which have been commingled, though separate division funds are accounted for. Identification with divisions among members has increased, yet ALA's attorneys have explained that there can be no legally binding agreement among its parts, only a set of policies which impose a moral obligation. In fact, the present Operating Agreement has only such moral force, but its provisions have been duly honored since 1981.

However, ALA and division members are not well informed about the Operating Agreement. The Preamble to the new policies defines the philosophical basis for the relationships between ALA and divisions and among divisions themselves. The document also defines more clearly the policies about which services ALA provides, which ones divisions support, which ones divisions pay ALA for, which are shared, and which are otherwise funded. Unfortunately, an uneasy tension has permeated discussions to this point.

The key issues are:

1) What basic services should be provided by ALA? What obligation does ALA have to upgrade such services as the technology and other factors change?

2) What financial obligations do divisions have?

3) Are divisions of value to ALA? If so, does this value have any financial component?

4) What is the nature of division fund balances?

5) What responsibility do divisions have to manage their resources well? What is the incentive to do so?

6) By what process may these policies or agreements be changed?

ACRL views these issues in the following ways:

1) The ACRL position is that the spirit of the 1981 agreement should prevail in the matter of "basic services." That is, ALA should provide equipment and services to divisions which are the technological equivalent of those provided in 1981. Divisions should provide the increased services to ALA members demanded by the growth in membership and in the sophistication of the demand.

2) ACRL believes divisions have an obligation to operate within the constraints of ALA Bylaws Article IX, which provides: "...annual estimates of income shall be based upon the unexpended balance remaining from the previous year plus anticipated revenues for the next budget year. In no case may expenditures be budgeted in excess of the estimates of income arrived at in this manner..." It supports the principle that divisions whose fund balances have slipped into deficit because of the implementation of accrual accounting have 3-5 years to remedy that condition. ACRL's fiscal policy requires that each year's budgeted operating revenues equal or exceed budgeted expenses, except only for one-time expenses or projects specifically approved by Board action, for which a clearly specified amount of the fund balance may be used. The policy further specifies that ACRL is to maintain a fund balance equal to at least 50% of the average operating expenses over the preceding three years, and that any extraordinary expenses may not reduce the fund balance below that minimum.

3) ACRL believes division benefits to ALA are qualitative and quantifiable. ALA is a far stronger association, powerful advocate for libraries, librarians and librarianship, and attractor of members because, together with its divisions, it represents libraries of all types and sizes, and library functions and services of all kinds. Association programs, which attract ever-larger numbers of conference attendees each year, are largely division-sponsored. Division national conferences, courses, workshops and institutes, funded programs, and publishing operations satisfy member needs and generate significant revenue.

Divisions with sizable fund balances have made these available to ALA, obviating the need to borrow and pay interest. For instance, the fund balance of ACRL without *Choice*, after accruals, was \$583,652 on August 31, 1986, as stated by ALA. For *Choice* it was \$198,235.

4) ACRL believes fund balances are *cash* assets. If these funds are not represented by liquid assets of ALA, it is because they have been used for the good of the entire association in being transformed into non-liquid assets of ALA. They remain cash to the units involved, representing as they do the sum of the differences between annual operating revenues and operating expenses for all fiscal years 1977 to 1986. (COPEs has asked ALA Fiscal Services to determine whether division fund balances include any non-cash elements.)

5) ACRL believes divisions have the strongest possible fiduciary responsibility to manage their fi-

nancial resources. To provide an incentive to do so, ACRL suggests that the principle of paying interest on division fund balances, stated in the 1981 Operating Agreement, be implemented in the following manner:

"a. In order to be eligible to participate in the interest-generating program, a division would have to maintain for at least one year (i.e., show at the beginning of two consecutive years) a fund balance equal to at least 50% of the previous year's expenses.

b. The division would then be permitted to place up to a maximum of 20% of its fund balance in the Endowment Fund.

c. Rules for moving monies out of the Endowment Fund would have to be observed by divisions, as they are by any units having funds there.

d. Divisions would be allowed to use the interest from Endowment in any manner they wish.

e. In order to allow ALA Fiscal Services to plan for the implementation of such a procedure, it will not go into effect until FY 1990."

(Passed by the ACRL Board of Directors, January 1987).

This would reward divisions for good management, would build ALA's resources, since division fund balances are ALA monies, would enrich ALA's Endowment, and would provide some interest revenue for divisions to use for special projects.

6) ACRL believes that policies relating to divi-

sions and ALA should be changed only by a process in which divisions have a part, specifically:

"In the spirit of the Preamble to the Policies of the American Library Association in Relation to its Divisions, the ACRL Board recommends that charges to divisions for new services be established only after mutual discussion and agreement between ALA and its divisions.

"As specifically applied to the charges for Order/Billing Subscription Services, the ACRL Board recommends that a committee of division officers meet with representatives of COPES to discuss such charges."

(Passed by the ACRL Board of Directors, January 1987).

Conclusion

At San Francisco members will have an opportunity to discuss the ALA/division relationship and to suggest what should be in a policy document representing that relationship. By the time ALA meets in San Antonio in January 1988, members must coalesce around a position which *unites* rather than *divides* the Association. We hope this statement clarifies the ACRL point of view on key issues and helps to dispel some of the fears based on misunderstanding of that point of view. We recognize that a better common understanding may not necessarily lead to agreement, but our intent is to contribute to a dialogue based less on fear and distrust and more on a desire for mutual advantage. ■■

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