

To: ALA Executive Board and ALA Council

Re: Operating Agreement Work Group Update

ACTION REQUESTED/INFORMATION/REPORT: This report provides an update on the activities of the Operating Agreement Work Group to the Executive Board and ALA Council.

CONTACT PERSON:

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DRAFT OF MOTION: none

DATE: January 6, 2022

The WG is focused on two activities ±rewriting the relationship document and examining the financial practice of applying the overhead rate.

Rewriting

The Operating Agreement Policy (A.4.3.4.1) requires a complete revision. The Policy is not only dated, but the language does not reflect the current values and aspirations of ALA. The goal of the relationship between ALA and Divisions is to advance the entire membership and values that all members hold. This sentiment needs to guide the tone and language of a revised policy. The WG wants to clearly outline support systems that include accountability, efficiency, and quality while also strengthening communication and excellence throughout ALA.

Overhead Rate

The WG considered three options for the overhead rate:

1. Retain the status quo
2. Tweak the current overhead formula including the inclusion of 6 (t)-4.0w 90.0792 re W\* n B 4(o)12.998 (usi)

everyone pulling together for association goals, implementation of the Pivot Strategy, and a consolidated budget.

Naturally, the elimination of the overhead rate raises several questions: how will ALA Finance report Division net asset balances? How will revenue surpluses be managed? Would more financially stable Divisions subsidize other Divisions? Where is the incentive to develop revenue? How will budgeting ensure that all overhead expenses are covered? The WG will continue to examine these questions and their financial implications.

