



June 15, 2023

## **NYLA Balanced Budget Task Force Recommendations**

The BBTF began long before all its current members were a part of it, with the initial charge of balancing NYLA's budget. Fast forward to today, where NYLA is still operating in a consistently large deficit and needs to make difficult decisions to alter the course of this 133-year-old professional organization to ensure it lasts another 133 years.

The membership of the BBTF was created by Council to include: President-Elect, the current Treasurer, the past three Treasurers, and the Treasurer-Elect. It is important for members to realize that the makeup of this committee is directly tied to the people in this organization who volunteer to run for office. These are not appointed positions – they are elected to office by the NYLA membership. They serve on the BBTF as a direct result of the position they hold. Furthermore, all but one of the past Treasurers has stepped down from the committee.

Since August of 2021, NYLA saw an almost complete turnover of its staff and Executive Committee of Council. Most NYLA staff at that time were relatively new to their positions. There was no true institutional history and recordkeeping was poor. MemberMax, which holds all our membership and payment data, is outdated and difficult to extract information from. In 2021 NYLA hired Capitol CFO to manage its accounts. This short-term effort allowed NYLA to pay its bills, deposit checks and “keep the lights on,” but it did nothing to straighten out years of bad data and poor record keeping.

NYLA is a singular organization. The sections and roundtables (hereinafter, units) exist under the NYLA financial umbrella. Units do not have separate bank accounts that they have direct access to, nor do they file individual tax returns or complete individual audits. NYLA operates just like any institution with different departments – those departments receive budget lines annually, but the departments do not pay their own bills, write their own checks, or deposit their own money. They internally run the day-to-day operations of their departments, spending money after it is approved by either their department chair or director. Money that isn't spent during the fiscal year, rolls over into an “unreserved fund” or a board of trustees (in NYLA's case Council) might split the money rolled over collectively by many departments, or into specific accounts like a “capital fund” or a “benefits fund” etc.

Units might have handled their finances on paper and tracked their expenditures and revenue as a unit – but ultimately this has been departmental budgeting. Funds have always ultimately been, and are, NYLA funds.

While NYLA units (especially those that joined NYLA as a new section/roundtable with pre-existing funds from being a prior separate organization) understandably thought that they had control over the money allocated to their units – behind the scenes this was not and cannot be the case. We are committed to working with those specific units to keep them under the NYLA umbrella and to find a mutually agreed upon solution to draw down and/or fold those monies into NYLA's general fund to support the work of

the Units. Unfortunately, in most cases these deals were made without formal MOUs/MOAs and much of what may have been discussed is not in writing. Further, we are still trying to suss out what at best might be legal but not best practice, and at worst a violation of Non-Profit law.

NYLA wants its units to have budget lines which reflect and support the hard work of its membership. NYLA wants units to spend money. We are a membership driven organization, and we need to return to the basics of member engagement, professional development offerings on a regular basis, and advocacy work. To do this effectively, the BBTF is requesting that NYLA Council vote to approve the following changes for both ease of accounting (from both a legal and an office management perspective) and for transparency with its units. This vote will charge Council with the creation of a Governance Committee which will work with the Audit and Finance Committee to begin the process of implementing the changes below and build the procedures necessary for uniformity amongst all NYLA units for budgeting purposes.

- All existing unit fund balances that live on paper, will be “absorbed” into NYLA’s general fund to align with actual practice and at the recommendation of our Auditor (see attached letter).
- All funds that NYLA receives through membership dues are NYLA funds. These funds will be allocated to sections and roundtables based on their budget worksheet requests to fund the cost of unit activities along with NYLA operational and organization costs.
- Units will be required to participate in the budgeting process. Units will submit a Budget Worksheet to NYLA’s Finance and Audit Committee by February 1 each year, for approval at the April NYLA Council meeting. The goal of the Audit and Finance Committee is to fully fund units’ budget worksheet requests, while also working towards providing long term financial stability to NYLA as a whole entity.
- All Scholarships and Awards awarded by different sections and roundtables will be maintained, and funds allocated for those items will be placed in a separate designated account with money allocated by line item within Quickbooks for each specific award/scholarship. Monies raised by specific award/scholarship fundraisers will be designated to these accounts and rollover year-to-year and until the balance is depleted. As funds reach a year or two of balance remaining, units will begin to add the funds needed to maintain the award/scholarship to their budget worksheet requests or choose to “retire” the award/scholarship.
- Procedures will be put in place to clarify and make uniform across all NYLA units how revenue in the form of raffle sales is handled and deposited into accounts for scholarships and awards.
- An annual meeting of the Treasurers for each unit will be held on the Wednesday of Annual Conference each year to ensure uniformity in training and best practices for all incoming Treasurers so that they are clear on NYLA procedure and the budget worksheet process.
- Organizational and Professional Membership dues will be more clearly defined and increase over a two-year period as outlined in the attached PowerPoint.
- Committees tasked with creating or amending policy and procedures to implement these organizational changes will include representation from each section represented on Council.