

BOARD ACADEMY



This publication shares information of interest to public library boards. Links to the resources and full content can be found in the e-newsletter version.

WHAT'S GOING ON IN THE ECOSYSTEM?

STATE BUDGET

Budget negotiations were held up for a bit due to the tussle between party control; the House didn't want to move too far in case the Primary elections held in May turned over control to the other party. If control of the House had flipped, committees would have changed and the work would have had to start over.

That said, the budget is due June 30 and is looking like it will be completed by then.

As a reminder, Pennsylvania libraries are asking for level, stable funding this year and support the Governor's request to help small, rural libraries with \$4.2 million in targeted funds for minor facility repairs and improvements. Take the PaLA one-pager (attached) with you when you talk to your local representatives!



PROPOSED LEGISLATION

More Minimum Wage bills have been introduced, bringing our total to four House bills and one bill in the Senate; remember that Governor Shapiro proposed an increase to \$15/hour in his budget proposal. (For reference, they are [SB743](#), [HB945](#), [HB1135](#), [HB1253](#), and [HB1287](#).)

The proposal ranges from minimum wage increasing to \$11/hr in January 2024, increasing to \$15/hr by January 2026 all the way to \$15/hr January 2024, increasing to cost of living annually afterwards. (You can track actions on these bills at <https://snoelibraries.org/2023-legislative-session/>; at this time all of the bills are in committee).

Other bills we are tracking are [SB669](#), which would allow for debit cards to pay for small games of chance, and [HB1201](#), which covers how personally identifiable information is handled.



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TIMELY TOPICS

PA NONPROFIT LAW CHANGES

Did you know that Pennsylvania's Nonprofit Corporation law underwent some major changes this year? Contact your Consultant for an Executive Summary prepared by PANonprofitlaw.com if you want details. (It is 12 pages long, so too long to attach.)

The biggest change operationally is the requirement to file an annual report with the state. This particular annual report form goes to the Department of State and is what tells the agency that your library still exists and how to contact your organization. It is free to file and is replacing the Decennial form, which should have been filed in each year that ended in a -1 (2011, 2021)

This is not the same document as annual report which libraries submit to the Office of Commonwealth Libraries (OCL) that includes statistics and financial information. The same annual report to OCL does, however, count as your charitable solicitation registration, which is what allows your library to ask people for money (raffles, fund drives, etc.)

There are numerous other changes to items that would be relevant to your duties as a board member and the liability that you carry as a representative of the organization.

To prepare for the changes going into effect next year:

1. Find out what type of organization you are officially to the state. You can search the state files at <https://file.dos.pa.gov/search/business>.
2. Search for your Articles of Incorporation and your history of by-laws (including effective dates of superseded by-laws). If you can't find your Articles - check the Business search linked above. Depending on when your organization was formed, you may be able to order copies from the state files. (We recommend that you pay the fees to acquire certified copies of everything the state has on file if you do not have official records.)
3. Find a lawyer who can review your by-laws and articles to make sure they comply with the updated law. Yes, this will cost some money, but it is worth it to stay legal and comply with the law.
4. Keep an eye on emails from us as we are working on a training later this year to help address these issues!



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TIMELY TOPICS

REGULATIONS UPDATE PROCESS

The Office of Commonwealth Libraries (OCL), the Pennsylvania Library Association (PaLA), and the Governor's Advisory Council for Libraries (GAC) have embarked on the process to update the Regulations to match the Statute changes of 2012. The Regulations enact the Statutes and carry the same force of law, so having these updated should help clarify and ease some long-standing issues. (We attached a two-page explainer about how these laws interact and affect state aid.)

The process was described by GAC in the graphic below.

PaLA has been hosting forums with public librarians and surveying them about issues of interest and importance to them relating to current and future regulations.

They have identified the following guidelines for improvements:

- Avoid overregulation. Use alternative clarifying documents (e.g. GAC Guidelines).
- Allow for adaptability.
- Stay future-focused; don't try to correct all past ills

We will keep boards and directors updated as soon as drafts for public comment come.



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SPOTLIGHT ON LEARNING

NONPROFIT BYLAWS – THE DOS AND DON'TS

- From: The Foundation Group - Greg McRay, EA - March 14, 2022
<https://www.501c3.org/nonprofit-bylaws-the-dos-and-donts/>

Bring up the subject of a nonprofit's bylaws and you are sure to get an interesting response. For many nonprofits, their bylaws are just some forgotten document, full of legalese, gathering dust in a file cabinet somewhere. No one on the current board of directors knows who prepared them, nor what any of the provisions mean. They certainly are not referring back to them for any reason. For a nonprofit that actively uses its bylaws, the bylaws can be an interesting glimpse into the organization's governing psyche. Are they control freaks...or just the opposite?

One fact is sure: a nonprofit's bylaws are considered a legal document that dictates how the organization must be governed. Failure by a board to follow the stipulations outlined in the bylaws can have devastating consequences to the organization...and potentially even to the board members themselves. Since bylaws are such a big deal, it stands to reason that what they contain and how they are used should be taken extremely seriously. But what about that? Let's take a look at some Dos and Don'ts regarding nonprofit bylaws.

- Do: Get assistance in drafting or amending your bylaws from an expert experienced in nonprofit matters. This could be an attorney or a professional services firm like Foundation Group. Two words of caution here: 1) Don't assume your attorney understands nonprofit issues. We have helped fix countless attorney-prepared bylaws, and 2) Bylaws are a legal document, so using a non-attorney professional means you are getting self-help assistance. It is still the board's responsibility to have input into the provisions and to vote to adopt the final product.
- Do: Stick to the basics. It is a good practice to think of your bylaws much like the US Constitution. Like the Constitution, your bylaws should deal with only the highest level of governing issues such as: Organizational purpose, board structure, officer position descriptions and responsibilities, terms of board service, officer/board member succession and removal, official meeting requirements, membership provisions, voting rights, conflict-of-interest policy and any other non-negotiables that your governing body deems necessary. One critical element often erroneously omitted is the provision for amending the bylaws in the future.

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SPOTLIGHT ON LEARNING (CONT)

NONPROFIT BYLAWS – THE DOS AND DON'TS (CONT.)

- Do: Know what is in your bylaws. As a board member, you have a duty to understand what each and every provision means. If there are provisions you do not understand, ask another board member or consult a professional.
- Do: Follow the provisions religiously. You not only have a duty to understand your bylaws, you are legally accountable for following them. This is not optional. A court of law will side with your bylaws in any dispute brought by another board member, an employee, volunteer or recipient of services who may have a grievance.
- Do: Keep your bylaws relevant. Times and circumstances change...and your governing document should reflect those changes. If your bylaws need to be amended to reflect current realities, do it. Make sure the changes make long-term sense (see below) and follow the amendment procedures as outlined.
- Don't: Treat your bylaws as a policy and procedure manual. We have seen bylaws that contain everything from employee vacation rules to the organization's anti-smoking policy. These are totally inappropriate for bylaws. Create a separate policy manual for management purposes. Again, think Constitution vs. US Code (laws).
- Don't: Include provisions that tie the hands of future boards. I currently sit on the board of an HOA with absurd provisions that negatively affect all homeowners. But, amending them requires a 2/3 approval of every member eligible to vote (about 200 households). We can't get 2/3 of the members to vote, much less get super-majority approval. Think long and hard about the downstream consequences to all provisions.
- Don't: Fail to review the bylaws. At least annually, all board members should re-familiarize themselves with the provisions. This will go a long way toward preventing costly errors. New board members should be provided with a copy immediately upon installation.

Proper use of an organization's bylaws not only provides the necessary structure to effective governance, it eliminates the willy-nilly guesswork so common among ineffective nonprofits. Good governance establishes a foundation for good work.

CHECK THE ATTACHED CHART BY BOARD SOURCE FOR MORE INFORMATION ABOUT BYLAWS AND ARTICLES OF INCORPORATION.

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SNOE REGION

We've been hearing from board members that they would like to learn more about their role on the board, within the library, and library-related information from across the State. So, we're coming to you with a new publication: Board Academy. This will be distributed by e-mail about 4 times a year, with special editions to cover major breaking news. There will also be a PDF version available to print for distribution to other members of your board. While SNOE had previously put energy into the SNOEBall Advocacy e-newsletters, those resources will be converted to a webpage soon for on-demand access.

The SNOE Region is a cooperative initiative of the Seneca, New Castle, Oil Creek, and Erie & Crawford Library Districts to help develop and strengthen the libraries in Northwestern Pennsylvania.

This information is provided to the best of our knowledge as of the date provided. Information is subject to change without notice. While authoritative, it is not guaranteed for accuracy or legalities. If there are questions, please reach out to your district consultant, who may encourage your library to ask a local solicitor/lawyer for further guidance.

If you have any questions about this publication or previous editions' content, feel free to reach out to all of the SNOE Region's District Consultants at consultant@snoelibraries.org. If you have questions on any topics related to board governance, duties, advocacy, or libraries, please feel free to reach out to your library's District Consultant:

Leslie LaBarte, Seneca Library District: districtconsultant@senecadistrictlibraries.org

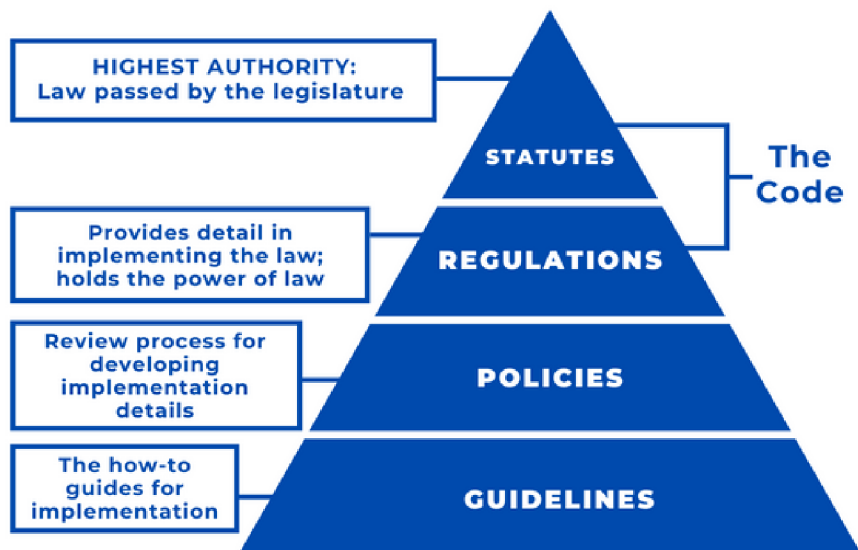
Neva Lilla, New Castle Library District: nlilla@ncdlc.org

Erin Joyce, Oil Creek Library District: consultant@oilcreek.org

Jessica Church, Erie & Crawford Library District: districtconsultant@eriecountypa.gov

LIBRARY LAWS

PAST & PRESENT



LEGISLATION HIERARCHY

There are many layers to Pennsylvania library laws for state-aided libraries.

- The **Statutes** are law. These are set in place by the Commonwealth's legislature. The statutes are held to the highest order.
- The **Regulations** describe how to implement the Statutes. When approved, they hold the power of law, but they cannot override Statutes. These are set through a process where a workgroup (comprised of representatives from the GAC, OCL, PaLA, and/or other library leaders) submits recommendations to the Internal Regulatory Review Commission (IRRC). The IRRC reviews the suggestions from a legal viewpoint. There are two periods for public comment before they approve any of the recommendations. Some recommendations may be approved, and some may not. After the workgroup submits their recommendations to IRRC, it could take up to 18-24 months for the process to be complete.
- **Policies** are the Department of Education's policies in how OCL or workgroups approaches making changes.
- The **Guidelines** are the Governor Advisory Council's clarifications of the Statutes and Regulations. The GAC assigns workgroups to research and discuss particular topics, then releases further guidance on how to implement processes related to the Statutes and Regulations.

HAVE QUESTIONS? CONTACT YOUR DISTRICT CONSULTANT OR SYSTEM ADMINISTRATORS.

TIMELINE

1860s: First legislation permitting the existence of libraries

Late 1800s - Early 1900s: Laws encouraging municipal support

1961: Library Statutes were established, outlining state aid distribution and initial standards.

1997: "Libraries in Distress," a series of articles published to highlight the distraught state of public libraries. A five year plan was set in motion to increase the Public Library Subsidy, with strong encouragement of local funding support.

Commonwealth Budget

2002-2003: With a roughly 50% cut to the Public Library Subsidy line, the formula was frozen based on the 2000 Census figures.

*\$75,289,000 is the current threshold to rerun the formula.

2012: A legislator was approached, prompting changes to the Statutes. These changes were not thoroughly addressed with the library field before enacting. Following the enactment of the Statutes, the Regulations were supposed to be updated to align with the Statutes.

2022: Currently, a workgroup is reviewing regulations to submit to the IRRC to clear up contradictions and confusions.

TYPES OF STATE AID

Quality Aid: Earned when a minimum Local Financial Effort (LFE) & minimum standards are met

Incentive Aid: Earned when a minimum Local Financial Effort (including various tiers - more local support means more Incentive aid) and Incentive Aid standards are met

Equalization Aid: Earned when a library/system has met Quality Aid standards, has met or exceeds the previous year's LFE, and it's financially supported by an economically distressed municipality

Equal Aid: Distributed based on the number of eligible outlets meeting Quality requirements; Additional funding may be available if County Coordination distribution is met.

County Coordination Aid: State Aid received by a county library consortium, dependent on the financial support of their county commissioners/government.

District Services: The amount to districts to provide services

Resource Libraries: Libraries that provide services to all Pennsylvanians: Free Library of Philadelphia, Carnegie Free Libraries of Pittsburgh, Penn State, and the State Library.

TYPES OF STATE AID

QUALITY AID

INCENTIVE AID

EQUALIZATION AID

EQUAL AID

COUNTY COORDINATION

DISTRICT SERVICES

RESOURCE LIBRARIES

STATE AID DISTRIBUTION

The State Aid formula is based on standards which a library or system are already meeting. From the perspective of the State, it's an reward for having met minimum requirements in certain tiers of funding.

The State Aid distribution received in early 2023 is for the standards met throughout 2021.

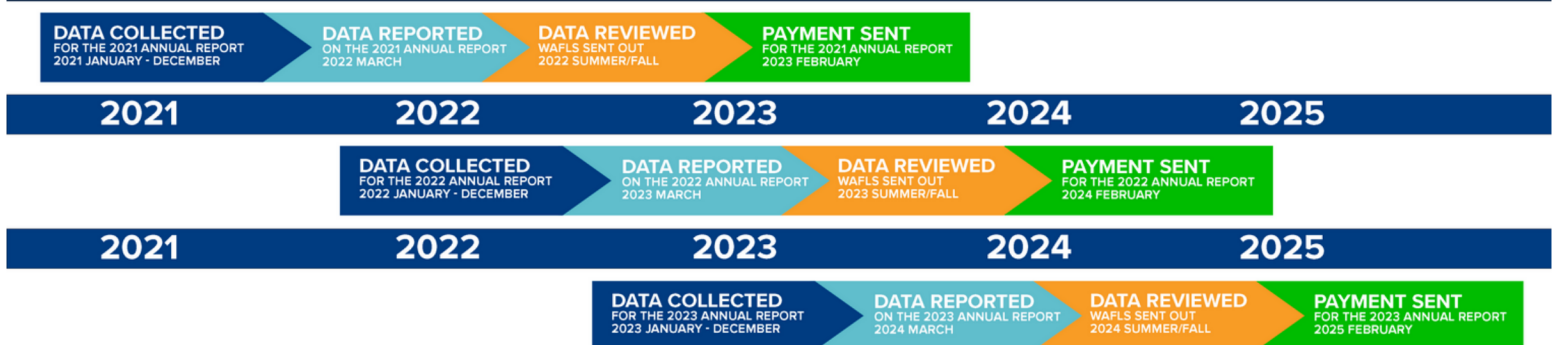
Here's how, in a 3-year cycle:

Year 1: A library/system meets standards throughout the their fiscal/reporting year.

Year 2: The library/system reports data at the beginning of the following year on the Annual Report. OCL reviews the data for standards met.

Year 3: The library/system receives the State Aid award for standards met in Year 1, which the library can use on wages, collections, and some facilities needs.

STATE AID PAYMENT CYCLE



HAVE QUESTIONS? CONTACT YOUR DISTRICT CONSULTANT OR SYSTEM ADMINISTRATORS.

BYLAWS AND ARTICLES OF INCORPORATION

Key Similarities and Differences

When starting a nonprofit, founders must be careful that their excitement for the organization's work does not overshadow careful attention to legal requirements.

Two of the most important legal documents, a nonprofit's articles of incorporation and its bylaws, overlap in a few key instances yet are also quite distinct. Learn about the similarities and differences to ensure your organization is starting off on the right foot.

	ARTICLES OF INCORPORATION	BYLAWS
General Purpose	Register a nonprofit as a corporation, comply with state laws and federal tax laws.	Outline more specific issues regarding corporate structure and governance.
Basic Information Included	<ul style="list-style-type: none"> • Organization's full legal name • Statement of purpose • Provision for the disposition of assets if the organization is dissolved • Name and address of a "registered agent" • Name and address of the initial board of directors 	<ul style="list-style-type: none"> • General information (including name of organization, statement of purpose, address, etc.) • Policies and procedures covering key governance topics, usually including: <ul style="list-style-type: none"> - organizational membership (if applicable) - board of directors - board officers - board committees - fiscal matters - amending bylaws and articles of incorporation
Hierarchy	Always has legal precedence.	Subordinate to articles of incorporation.
Ease of Modifying	Designed to be as general and flexible as possible. Ideally will not need to be amended.	More easily revised to account for the evolution of organizational policies.
Filing	With the appropriate state office (often a department within the secretary of state's office).	With the organization, according to its internal requirements.

Continued >

SPECIFIC CLAUSES

	ARTICLES OF INCORPORATION	BYLAWS
Name of organization	Should be identical in both articles of incorporation and bylaws.	
Statement of purpose	As general as possible, should contain only the minimum required by state law.	Expands on statement included in articles of incorporation, outlining the consensus around which organizational programs are built and implemented.
Legal clauses	Should all be contained in articles of incorporation.	No legal clauses (except for the clause that covers the disposition of assets upon dissolution) in the articles should be repeated in the bylaws. This ensures that even if the bylaws are amended over time, there will be no inconsistencies between legal clauses in the two documents.
Membership	Many state laws require articles of incorporation to specify whether an organization will have formal voting members.	If applicable, bylaws should include details such as member categories, qualifications for joining, and duties of members, among others.