

NINCH Annual Board Meeting

Friday, December 20, 2002

Washington, DC

Meeting Report

Present: David Green, Chuck Henry, Steve Hensen, Michael Jensen, Stanley Katz, Joan Lippincott, Sarah Pritchard, Samuel Sachs, Christine Sundt, Winston Tabb, John Unsworth, Patricia Williams. Staff: Sarah Segura

ACTION ITEMS

1. Staff will prepare a revised balanced budget for 2003 and submit it electronically to the Board for online discussion and a vote. [The budget was distributed January 14.]
2. An RFP will be composed, asking for proposals from organizations for absorbing NINCH and its programs.
3. David Green will approach Innodata about an earlier offer to produce the NINCH Guide as an e-book.

Executive Summary

Board Elections

Michael Jensen was voted President Elect. Lorna Hughes, Director of the Humanities Computing Group at New York University, and Leonard Steinbach, CIO at the Cleveland Museum of Art, were elected as new board members and Stanley Katz was re-elected for a second term. Retiring members Christine Sundt and John Unsworth were thanked for their service.

Program Review

David Green declared that the principal achievement of 2002 was the publication of the *NINCH Guide to Good Practice*, made available online to members (October 25) and the world at large (November 18) at <http://www.ninch.org/guide> through the generous donation of server

space and staff by New York University. A dispute with our sub-contractor at the University of Glasgow was close to resolution, with agreement to pay the third of four \$22,000 payments due Glasgow but to return the fourth payment to the Getty Grant Program, keeping some \$5,200 in direct costs, agreed to by Getty. Comments to date were very favorable, although most reviewers were awaiting a PDF version (to be released early February). The Working Group's plan for the future of the Guide is to solicit comments, formally evaluate it, update and add content and publish a second version both online and in hard copy.

Museums Meeting

An interesting day-long meeting held July 23 with ten representatives of the museum sector marked the first of what might be a series of meetings with individual sectors to discover how NINCH could better serve them. Two of the ten representatives were not NINCH members but the strong message was that NINCH was doing an excellent job at communicating between the sectors and had to focus even more by preparing issue briefs and developing its advocacy/policy role. The meeting was nicely leveraged by a keynote speech by Stan Katz at the Museum Computer Network conference in which he made frequent reference to the meeting report. Meeting report and paper are available at <http://www.ninch.org/forum/museums.html>. David's report raised some Board comments about how NINCH worked across the sectors – and how some sectors might need NINCH more than others.

Copyright Town Meetings

The notable development that David Green emphasized in his report on the NINCH Copyright Town Meetings was that they were not only in great demand but were fostering new kinds of income-producing collaboration. Two meetings had attracted the sponsorship (financial and in-kind) of the IP sections of State Bar Associations (Georgia and Oregon); one had received \$5,000 in corporate sponsorship from New York law firm Cowan, Liebowitz & Latman, P.C., two were being financially and programmatically co-produced with the Canadian Heritage Information Network and one was being fully covered by its co-hosts (Case Western Center for Law, Technology & the Arts and the Cleveland Museum of Art). Another outgrowth of the town meetings is a new series of

practical copyright workshops, co-produced with OCLC and the Colorado Digitization Project, for which NINCH receives a fee of \$3,600.

Finance and Budget Review

2002: Despite our managing to increase membership dues by \$22,000 in a difficult economic climate, we showed an overall deficit of \$30,000 for fiscal 2002. NINCH carried forward a \$20,000 deficit from 2001 and received \$33,000 in contributions as well as a \$10,000 grant from the Kress Foundation, but no other grant funding. Expenses were generally in line with the budget but showed an overall excess of \$10,000, including employee costs that were \$6,000 higher than budgeted, due to unexpected transition costs between assistants.

2003: David Green presented two versions of a 2003 budget. The expenses were identical in each, but revenues in the “basic” budget assumed \$15,000 less in membership dues and \$25,000 less in overhead and salary allocation from grant income and showed a corresponding deficit of \$40,000. Initial discussion showed that the board would reject the balanced budget (and its income projections) and would only approve the “basic budget” if expenses were trimmed by \$40,000 to balance. After Board discussion of the Transition Committee, NINCH staff was instructed to re-work the budget and to distribute it by January 15th for discussion and approval.

Transition Committee Report and Discussion

Charles Henry discussed the formation and objectives of a Transition Committee that recognized the fiscal issues facing NINCH and had prepared a set of three scenarios for its future, outlined in the “NINCH Transition Year” document, which it was asking the Board to consider. Scenario A would dissolve NINCH and find homes for its products; Scenario B would combine NINCH and its programs with other organizations; and Scenario C would plan for a more robust financial structure for the organization. By the end of Board discussion, a fourth option, Scenario D, was proposed, by which an RFP would be released, inviting other organizations to absorb NINCH. Under this scenario, the Executive Director would be let go May 31, while the Director’s Assistant would

remain through the end of the year. When put to the vote, three members voted for dissolution and eight voted for the new fourth option.

The Board moved into Executive session to discuss the performance review of the Executive Director. The meeting adjourned at 2:30 PM

Full Report

1. Introduction and Elections

Before the meeting itself commenced, Patricia Williams reported on a gift to Americans for the Arts of \$120 million from the estate of Lilly Estate. Americans for the Arts will receive its first disposition in January 2003 and expects to have a new strategic plan in place by mid-year. Sam Sachs thanked Pat for the special contribution of \$20,000 that Americans for the Arts had made to NINCH in 2002. He noted his understanding that this gift will not have a direct impact on NINCH in 2003; Pat concurred.

Sam Sachs called the meeting to order at 10:25 AM. Board members and staff introduced themselves.

Sam asked for questions or comments on the minutes of the May 2002 Board meeting. Pat Williams moved a motion to approve the minutes. This was seconded by Chuck Henry and unanimously approved.

Sam Sachs and David Green introduced the slate of new Board members: Lorna Hughes, Director of the Humanities Computing Unit at New York University; Stanley Katz, Princeton (re-election), and Leonard Steinbach, CIO at the Cleveland Museum of Art. Christine Sundt moved to approve the slate. Steve Hensen seconded the motion, which was approved unanimously.

The new officers are: Chuck Henry as President, through December 2003, Michael Jensen as President Elect, and Joan Lippincott as Secretary-Treasurer, through December 2003. Sam Sachs will be Past President. David and Sam thanked the retiring Board members Christine Sundt and John Unsworth.

2. Program Review

Building on the Summary Report submitted to the Board, David Green gave an overall account of NINCH's accomplishments in 2002.

The NINCH Guide to Good Practice

The principal achievement Green cited was the online publication of *The NINCH Guide to Good Practice in the Digital Representation and Management of Cultural Heritage Materials* <http://www.ninch.org/guide>. This was made available online to members, from October 25, and to the world at large from November 18).

Publication took much longer than planned, principally due to the overall unsatisfactory performance of NINCH's sub-contractor, the Humanities Advanced Technology and Information Institute (HATII) of the University of Glasgow. Increasingly dissatisfied with the quality of many of the draft chapters provided by HATII, the NINCH Working Group took over revising the submitted chapters and, in some cases, re-writing them. One key feature of the Guide, a set of decision trees, was never completed by HATII. When the Working Group completed its revisions, the text was mounted online as a volunteer effort by the Humanities Computing Group at NYU, directed by Lorna Hughes. The Working Group's plan for the future of the Guide is to solicit comments, formally evaluate it, update and add content, develop the missing decision trees and accompanying online navigation system and publish a second version both online and in hard copy.

Unfortunately, as relations with HATII worsened, there was a change in personnel at the Getty Grant Program, the funder of the Guide, and communication with the Getty about developments was not as it might have been. In retrospect, the Working Group, in taking over the revising and re-writing of the Guide, would have done well in consulting with

the Getty about the most appropriate action to take. At the May 24, 2002, Board Meeting, there was some discussion as to whether, given HATII's performance, all of the remaining funds should go to HATII, or not. In the intervening period, the Board agreed to invoke a clause in the NINCH contract with the University of Glasgow that stated that if NINCH was unsatisfied with the product it had the right to terminate the agreement and to keep all unpaid funds. At the time, only \$44,000 of the \$88,000 due HATII had been paid. After much consultation, we agreed to pay the third of four \$22,000 payments in exchange for recognition from Glasgow that the contract was indeed terminated. When the Getty Grant Program was asked whether NINCH could be reimbursed for the investment of its staff time (to the extent of the final \$22,000), it declined, although it did agree to cover some \$5,500 in estimated direct costs (for a copy editor, conference calls and an additional Working Group meeting). The University of Glasgow is investigating the incident and it reached the level of Malcolm McLeod (Vice Principal for External Relations & Marketing) and Professor Sir Graeme Davies, Principal of the University.

Sam Sachs commented that we seem to be moving towards resolution with both the Getty and HATII. [As these minutes are written, we have received the "letter of completion" from the University of Glasgow, we have sent the University of Glasgow the \$22,000 payment and we have mailed a check for \$16,786 to the Getty Grant Program (reflecting actual direct costs incurred by NINCH.)

David commented that, in his opinion, the Guide is the most significant thing that NINCH has done. Sarah Pritchard questioned whether a print version for future editions was a good strategy, given the changing nature of the content. David replied that the demand for hard copy was very strong and that NINCH was producing a PDF version in response to that demand. A hard copy edition of a future version seemed to make sense. John Unsworth made comparisons with the versions of the TEI Guide, produced in electronic and hard copy. Innodata, one of NINCH's two new corporate council members, offered to generate an e-book version of the guide for free. The Board recommended that we follow up on that offer.

Museums Meeting

David reported on the Museums Meeting, held July 23 at the Smithsonian American Art Museum, which he thought should be the first in a series of sector meetings to explore how NINCH could best serve the different sectors. Administrators at various levels at institutions attended (from Deputy Director and CIO to Director of Interpretation and General Manager for Electronic Information Planning) and discussed the chief issues on their minds and how NINCH might best play in their world. Although only eight of the ten were NINCH members, the message was that NINCH was an important part of their consciousness, key in alerting them to the state of play in other sectors. NINCH clearly had a role in demonstrating how the various pieces of the community fit together. Participants felt NINCH's communication role was most important and they asked for a series of "issue briefs" that would clarify key policy and action items in networking cultural heritage. While one participant questioned NINCH's effectiveness, the rest were strong supporters of what NINCH was already doing.

Stan Katz commented that the report of the meeting (available at <http://www.ninch.org/forum/museums.html>) was excellent. Stan had leveraged the dynamic via a keynote address he gave in September at the Museum Computer Network conference. His talk was titled "What Do We Want from the Cybermuseum?" and is also available at the above URL. To a question whether the sector-by-sector approach was that useful, as NINCH was very much about breaking down the differences between them, David replied that he thought NINCH did need a stronger presence in each of the sectors that made up our constituency. To this, Sarah Pritchard commented that she thought libraries can work already with other sectors without belonging to NINCH and that our products are freely available to members and non-members alike. Christine Sundt thought museums found NINCH offered them a means to get involved in and learn from other communities. Sam Sachs commented that the conference NINCH and CLIR co-sponsored ("Building and Sustaining Digital Collections: Models for Libraries and Museums," February 2001) had clearly demonstrated the value of providing different forums for communication and collaboration between these sectors.

Sam also commented that more organizations are asking why they should pay dues to so many other organizations. This is related to what Stan Katz called the “free rider” problem with organizations like NINCH freely producing for the public good. This is a hostile environment to find support for such free public activity. This, he said, was borne out by the early draft of a report, authored by Diane Zorich for CLIR on the state of digital cultural heritage nonprofit organizations: we clearly have a sectoral problem.

John suggested NINCH try to engage more scholarly publishers; Michael Jensen, agreeing, added that he’d like to see more advocacy for legal issues such as the DMCA and economic issues, such as increasing the funding for the Humanities. Steven Hensen agreed, commenting that the strong stance on public advocacy recently taken by the Society of American Archivists has been almost universally well received by its members.

Copyright Town Meetings

David continued his report by describing the continuing and developing success of the Copyright Town Meetings. While there was no Kress funding for meetings in 2003, a spectrum of income-producing collaborations had enabled NINCH to continue with the series. One example was with a new member, the Canadian Heritage Information Network (CHIN). CHIN had jointly sponsored a Copyright Town Meeting at the MCN conference and then invited NINCH to co-publish the resulting book, on the creation of museum IP policy, written by Diane Zorich. NINCH will receive 50% of the net profits of US sales. A follow-up meeting, around the book, will also be co-sponsored by NINCH and CHIN as one of the pre-conference workshops at the annual meeting of the American Association of Museums. While CHIN will share in the cost of mounting the workshop, NINCH will collect all the gate receipts. The next Copyright Town Meeting, in New York, has received \$5,000 sponsorship from the law firm Cowan, Liebowitz & Latman, P.C., and two other meetings have been co-sponsored by State Bar Associations. A meeting in Cleveland is being funded by the new Case Western Center for Law Technology and the Arts along with in-kind support from the Cleveland Museum of Art.

As an outgrowth from the Town Meetings, NINCH is collaborating in a new series of practical copyright workshops with OCLC and the Colorado Digitization Project. For working on the programming, NINCH receives a fee of \$3,600.

3. Budget Report.

Report for 2002

Overall: carrying forward a \$20,000 deficit from last year, and with no grant income this year, we showed a deficit of \$30,000.

Revenue: Although membership dues increased by \$22,000 and we received contributions of \$33,000, and a Kress retrospective reimbursement of \$10,000 for two Copyright Town Meetings, overall income fell \$30,000 below expectations (\$20,000 less than we'd budgeted for contributions, \$10,000 less in corporate council income; and \$10,000 less in overhead from projected grant income).

Expenses

Expenses were generally in line with the budget but showed an overall excess of \$10,000. Employee costs were \$6,000 higher than budgeted, mostly due to unexpected transition costs as there was some overlap between assistants Amy and Sarah.

Although we had made arrangements for a loan from Americans for the Arts to enable NINCH to complete its fiscal year, we did not need it and had dues in hand to cover the cash flow needs for the end of the fiscal year.

Budget for 2003

David Green presented both a "reasonable" and a "basic" budget for 2003. Both had identical expenses but the reasonable budget was balanced and assumed \$40,000 more in income. The basic budget assumed \$15,000 less in membership dues and \$25,000 less in overhead and salary allocation from grant income.

Joan Lippincott (Treasurer) said she could not vote for the “Reasonable” Budget. Winston Tabb said he could not vote for a deficit budget; would approve only the revenue side of the Basic Budget and ask for an expenses budget that would cut \$40,000 so that it balanced. Stan Katz suggested postponing a budget resolution until after a discussion on a NINCH “transition.”

4. Transition Committee Report and Discussion

Charles Henry described the Transition Committee’s work and the “NINCH Transition Year” document included in the board packet. As an acknowledgment of NINCH’s difficult budget situation, the Board had established a Transition Steering Committee that comprised David Green, Charles Henry, Stan Katz, Joan Lippincott, Kathleen McDonnell, John Unsworth and Patricia Williams, with Steve Wheatley from ACLS as an advisor. The committee had focused mostly on fiscal issues but thought that these issues dovetail into the purpose and rationale of NINCH. Many were very concerned about the potential of a \$40,000 deficit in 2003. The committee wanted the Board to consider whether and how NINCH should continue as an organization and had developed the three scenarios presented in the document. One was to dissolve NINCH and find homes for its products; the second was to combine NINCH and its programs with other organizations; and the third was to plan for a more robust financial plan for the organization. The document lists many of the issues discussed by the transition committee.

Stan Katz opened the discussion by pointing out that this was a structural problem: can we, in the short term bring in enough dues revenue to sustain the kind of organization that has meaningful activity and capability to develop grant proposals. He thought that David had done an admirable job in bringing in new income, but in terms of cost-benefit, were there realistic prospects for bringing in enough to sustain the organization? He thought the funding environment was very bleak and we were not likely to obtain funding on the scale we had for the Building Blocks Workshop or for the NINCH Guide. He therefore thought the third scenario an unpromising one to pursue and recommended concentrating on the first two.

Steve Hensen disagreed. He didn't think the third option should be characterized (as it had been in conversation) as "business as usual," since it assumes deliberate effort in searching for new sources and new kinds of income and doing new things. Sarah Pritchard, though, thought the third option should be taken off the table and encouraged the group to consider NINCH being fully subsumed into another organization. Steve Hensen, however, was unwilling to take C off the table: we had, he said, just had an enlivening discussion of many of the valuable contributions of NINCH and the work needs to continue.

Winston Tabb declared that to continue, NINCH needed support from the library community, which he did not believe was there. Tabb preferred the first option and recommended finding ways for NINCH program to be continued by groups like CLIR or CNI, believing members would be satisfied to have their dues spent on an orderly shut-down.

Others noted that if NINCH were to be subsumed into another organization, the Board would have to be very careful about the nature of that organization in terms of stakeholders. What might be feasible? Sam Sachs described how AMICO went about its recent transition, issuing a Request for Proposals and subsequently finding a supportive environment at the University of Toronto.

David Green expressed frustration that the Board was giving up on the third option, before it had seriously spent time examining other funding structures and other funding possibilities. While incremental measures had shored NINCH up he felt it was time for developing larger and longer-term strategies. Joan, however, defended the input of the Board.

John Unsworth described the second option (of combining and deeply collaborating with other organizations) as such a new approach: one that was offered but had not been actively pursued. Sarah Pritchard ventured that NINCH has lacked a glue for bringing

together its constituencies. Stan countered that NINCH had facilitated the development of a virtual community, but the problem is how to pay for that. The Zorich report offered no solutions. Stan was concerned about bringing in the corporate sector in an entrepreneurial model because its interests and issues were at root different from ours. Pat Williams also warned that some entrepreneurial models can compete with the efforts of an organization's own members. Stan declared that another model is to find a university center that has a budget that could assume some or all of NINCH's functions.

NINCH might continue as a partially funded organization, perhaps in conjunction with other organizations. Winston Tabb preferred a continuation of NINCH's program rather than of the organization. Chris Sundt reminded the group that NINCH was to be a voice not beholden to a particular group and that would be a concern with finding it a home. She ventured that one strategy might be to find a sympathetic Washington association to share staff costs.

The conversation ended with Pat Williams saying she was not comfortable with the third option and Chuck Henry declaring that the Board was faced with an imminent collapse of NINCH: surviving 2002 had consumed too much time; it was now time for decisive steps.

Joan proposed a straw poll on the scenarios, including a fourth option: issuing an RFP for an organization to absorb NINCH and to possibly maintain NINCH's identity. Chuck added to this that the Board declare the continuation of the current staffing structure until May 31, when the executive director would be let go, while Board and Transition Committee work to maintain the program activity.

The straw poll yielded 3 votes for the first option (dissolve NINCH and find homes for its programs) and 8 votes for the new fourth option.

Winston Tabb commented that it would be important to ensure the RFP is very clear on what is meant by "taking over" NINCH and that we may need to be flexible about it. The

Board might need to approach possible institutions. The National Humanities Center was suggested as one example.

Returning to the issue of a 2003 budget, Joan Lippincott proposed a motion that staff prepares a balanced budget that takes the current staffing structure through May 31, 2003 and keeps the assistant at work through the end of calendar 2003. Such a budget should be presented to the Board by January 15, 2003. The motion was seconded by Chuck Henry and was unanimously approved. [The budget as distributed January 14.]

The Board moved into executive session under Chuck Henry's chairmanship to discuss the performance review of the Executive Director.

Chuck asked for a motion to adjourn, Sarah Pritchard moved the motion; John Unsworth seconded it. The meeting adjourned at 2:30 PM.

Meeting Report prepared by Joan Lippincott and David Green