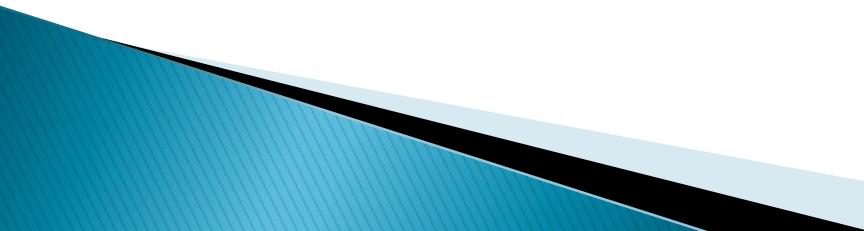


Budgeting Overview

New Director Boot Camp
2018

John Thompson, Director
Indianhead Federated Library System

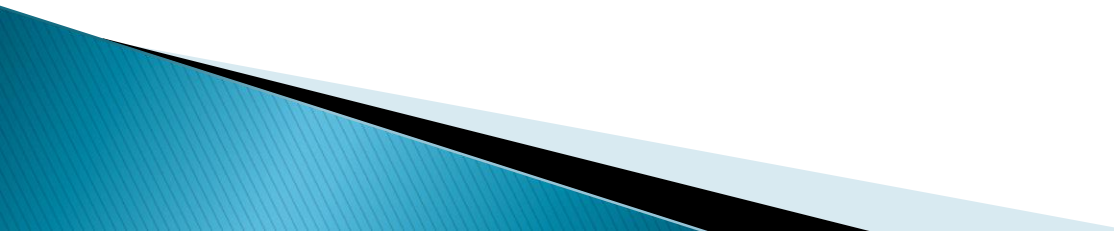
Outline

- ▶ Planning and the Budget
 - ▶ Types of Budgets
 - ▶ Preparing to Budget
 - ▶ Developing the Budget
 - Graphs
 - Library Standards
 - ▶ Presenting the Budget to Boards
 - Laws affecting Budgets
 - ▶ Advocating for Library Share
 - ▶ Managing Budget Cuts
 - ▶ Additional Resources
 - Managing the Library's Money (Background)
 - Resource Links
- 

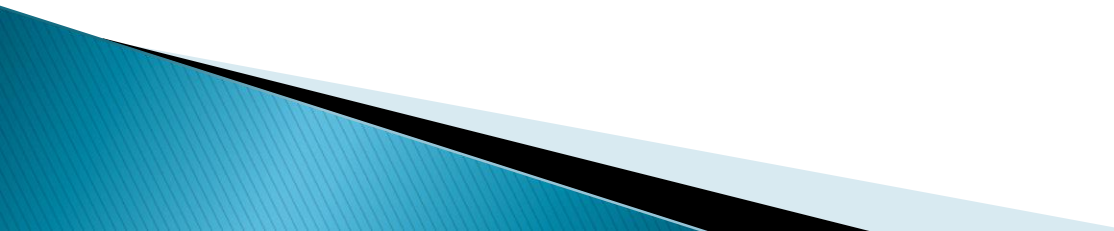
Developing the Library Budget

- ▶ Budget Development Process (Board and Director)
 - Plan--Determine what the library hopes to accomplish next year
 - Determine financial resources needed for the next budget year
 - Factors impacting budget development
 - Examples—Insurance costs, municipal wage studies, or incremental increases
 - Draft budget document (Director and key staff)
 - Present draft to library board for their approval

Long Range/Strategic Plan: an important budget tool

- ▶ Where are we going?
 - ▶ How will we get there?
 - ▶ Did we get there?
 - ▶ Include short mission statement
 - ▶ Library and community background
 - ▶ Goals and objectives
 - ▶ Strategic visions
- 

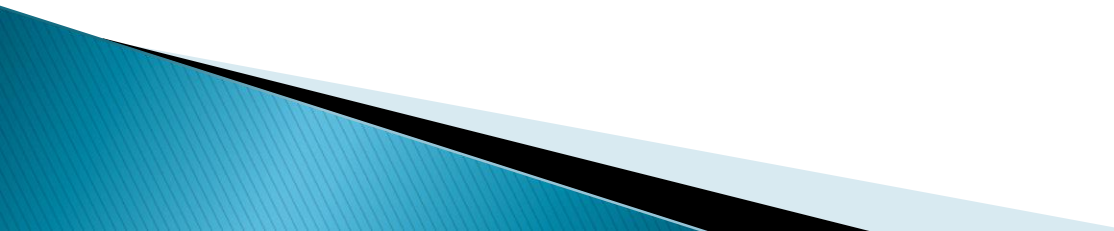
Determine your community needs

- ▶ What do you need to know about your library?
 - Essential Services
 - New Services
 - Facility Improvements
 - Service Improvements
 - New Technology
 - Staffing
 - Programming
 - Trends impacting the library
- 

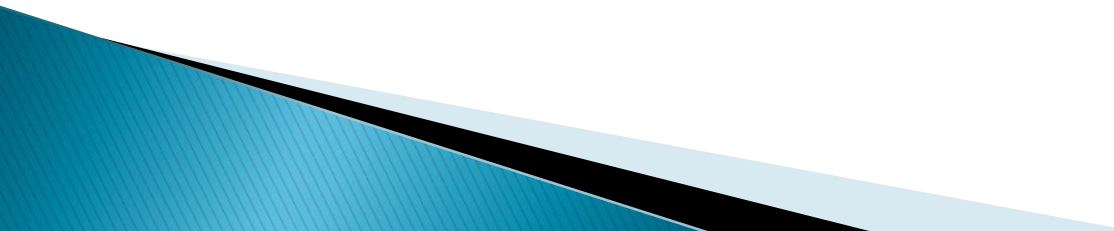
Gathering Plan Information

- ▶ Current Library Plan
- ▶ ILS Data
- ▶ Library Annual Report/Wisconsin Public Library Service Data
 - <https://dpi.wi.gov/pld/data-reports/service-data>
- ▶ Wisconsin Public Library Standards
 - <https://dpi.wi.gov/pld/boards-directors/library-standards>
- ▶ Municipal Comprehensive Plan
- ▶ Census/Demographics <https://www.census.gov/data.html> State and County Information
 - Wisconsin Population Data https://doa.wi.gov/Pages/LocalGovtsGrants/Population_Estimates.aspx

Gathering Plan Information

- ▶ Municipal Budgets – Operating and Capital
 - ▶ Municipal Plans
 - ▶ Chamber of Commerce
 - ▶ School District
 - ▶ County Development Organizations
 - ▶ Community input
 - Surveys
 - Community conversations
 - Focus groups
 - Suggestion box
 - Patron conversations
- 

Connecting the Plan to the Library Budget

- ▶ “This is the way it’s always been done”.. Using the predecessor’s plan
 - ▶ Compare budgets from libraries similar in size
 - ▶ Using a five–year plan to develop a library budget
 - ▶ Put your budget into simple terms
 - ▶ Stay away from library jargon
 - ▶ Ask for support from the library trustees
 - ▶ Expect positive results, but be prepared for failure
- 

Types of Budgets

- ▶ Zero Based (least desired and least used)
 - Justify program each year
- ▶ Incremental (traditional yet lacking)
 - Percentage increase overall
- ▶ Line item (used often yet incomplete)
 - List of revenues and expenditure categories
- ▶ Program Based
 - Broken down by program such as storytime listing all costs including personnel under program
- ▶ “Combination” (desired)
 - Use of a line item summary with a more detailed description of the lines including justifications for increases

“Combination Budget”

Programming

Adult

Goal 1: Enhance library programming to meet the needs of the community.

Objective 1: Increase the number and variety of educational, leisure and cultural programs for adults.

Young Adult

Goal 1: Increase young adult participation in library activities.

Preparing to Budget

- ▶ Budget Toolkit
 - Previous Year Annual Report
 - Current Year Budget and expenditures to date
 - Long Range Plan
 - Projected Population (Demographic Services Center)
 - Census Data
 - Relevant News Stories
 - Housing expansion plans
 - Zoning decisions

Preparing to Budget--Budget Timeline

- ▶ Planning for next year's budget should begin in February
 - February
 - Complete the Previous Year's annual report
 - March/April
 - Board Review long-range plan and goals
 - June/July
 - Review 6 month expenditures/revenues
 - Determine municipal budget calendar
 - Summer/Early Fall
 - Library Director develops draft budget
 - Seeks input from Library Board; makes revisions as needed
 - Library Board approves Budget; submitted to municipality

Preparing to Budget--Budget Timeline

- Fall

- Budget reviewed by municipality
 - Mayor
 - Administrator
 - Finance Committee
 - Board/Council
- Public hearing on municipal budget
- Municipal board approves appropriation

- Winter

- Adjust budget expenditures based upon municipal appropriation

Setting up a Budget

- ▶ Excel
- ▶ Quick Books
- ▶ Municipal Software Programs

- ▶ Format to meet municipal needs

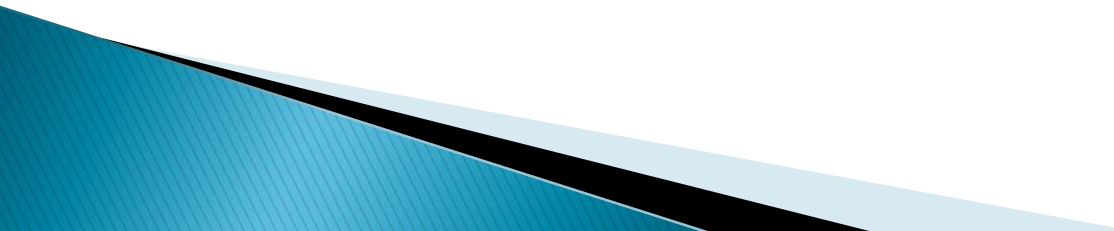
Developing the Library Budget

- ▶ Sources of Funding/Revenue (Public Funds that must be deposited with municipality)
 - Municipality Appropriation
 - County Wisconsin State Statute 43.12 (ACT 150/420)
 - Fines
 - Charge or not charge
 - Fees
 - Copier
 - Printing
 - Equipment rental
 - Meeting room rental
 - Lost cards or materials
 - Funds carried forward (under normal circumstances these should be minimal)
 - State Funds or Federal Funds, if any

Developing the Library Budget

- ▶ Sources of Funding/Revenue (Private Funds)
 - Donations, if known amount

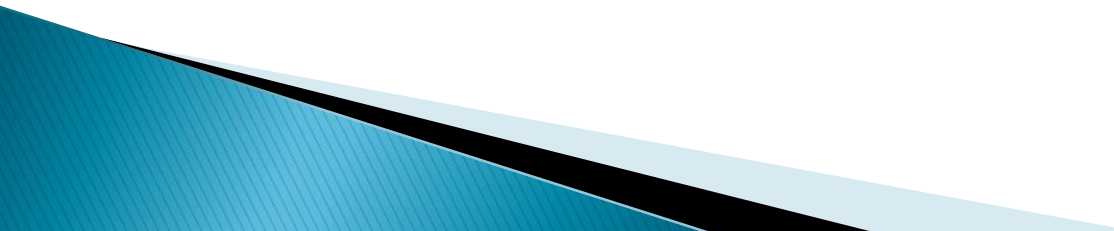
Developing the Library Budget-- Library Costs

- ▶ Projected Budget Costs
 - ▶ Fixed Costs -- such as rent, health insurance, or utilities, ILS/System services costs
 - ▶ Variable - material budget, raises, professional development, programming
 - ▶ Direct/Indirect - i.e. does the library pay for the utilities or paid by municipality
- 

Developing the Library Budget

- ▶ Expenditures
 - Salaries and Wages
 - Benefits
 - Materials
 - Books
 - Periodicals
 - Video Materials
 - Audio Materials
 - Software

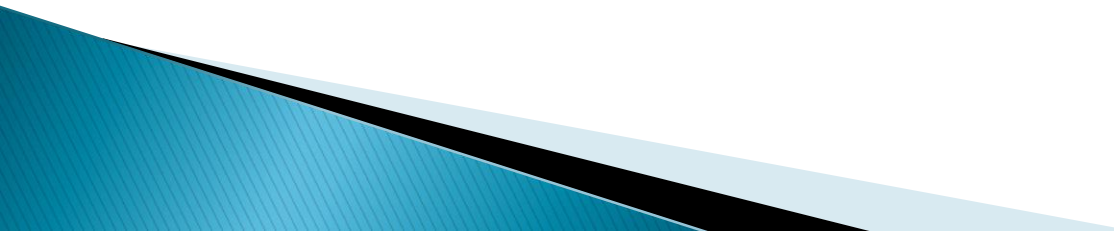
Developing the Library Budget

- ▶ Expenditures
 - Contracted Services
 - Continuing Education
 - Programming
 - Telecommunications
 - Utilities
 - Equipment repair
 - Supplies
 - Computer/Equipment Replacement
- 

Prioritize Budget Allocations

- ▶ Where to spend the money
 - Services
 - Materials
 - Hours
 - Staffing

Services

- ▶ Library Programs
 - What are the community needs
 - What other programs are offered in the community
 - Potential partners
 - ▶ Evaluating programs
 - Program Attendance
 - Feedback from attendees
- 

Services

- ▶ Considerations
 - Staff time – additional staff or reallocations
 - Library based vs. outreach
 - Supplies
 - Potential partners
 - Grant or other revenue sources

Materials

- ▶ Where to allocate the money?
 - Books
 - Children's
 - Adult
 - Fiction vs. Nonfiction
 - Mystery vs. Western
 - Audio
 - Video
- ▶ Each community is different
 - Commuter
 - Audio books vs. Print
 - Rural or suburban
 - Demographics
 - Large Print or children's materials

Materials

▶ Considerations

- Collections allocations
 - Community needs
 - Age of collection
 - Need to update/replace collections
 - High demand items
 - Unique items
 - Availability of materials from other libraries or agencies
 - Cost of the materials
 - Paperback easy readers while in high demand are cheaper than hardcover picture books
- Space

Hours

- ▶ Compare peers
 - Annual reports
 - Websites
- ▶ Community needs
 - Commuter
 - Community employers

Hours

- ▶ Considerations
 - Consistent hours for patrons
 - Community needs
 - Evening and weekend hours
 - Seniors
 - Parents/small children
 - Afterschool

Staffing

- ▶ Staffing levels and training adequate for services and hours?
 - Reallocation of current staff
 - Hire additional staff
 - Staff training and/or hiring needs
 - Foreign languages
 - Literacy
 - Technology
 - Youth services
 - Seniors

Staffing

▶ Considerations

- Part-time vs. full-time
 - Benefit costs
 - Ability to hire qualified candidates
 - Longevity
- Wages of peer libraries; other municipal employees; and community
- Flexibility/availability of staff members

Developing the Library Budget

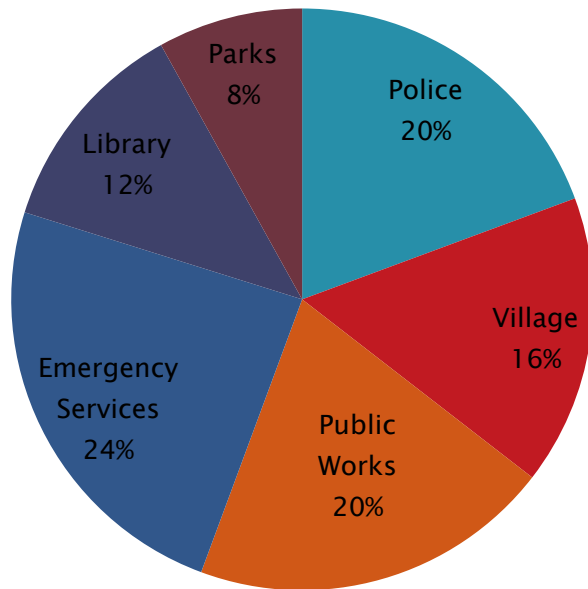
▶ Budget Format

- Clear budget with little or no library jargon
- Charts and other comparison information
- Use format required by municipality
 - Request additional budget accounts if it makes sense
 - Print, Audio, Video versus Materials

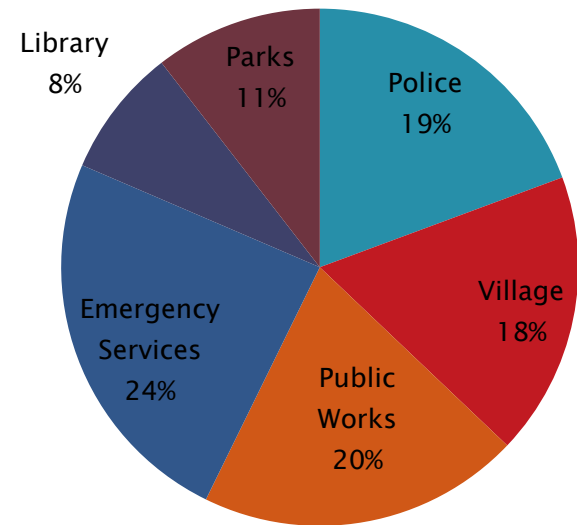
Developing the Library Budget

- ▶ Even in tight budget years it is important to communicate the library's needs
 - ▶ Understand the library's place in the municipal budget

2018 Budget

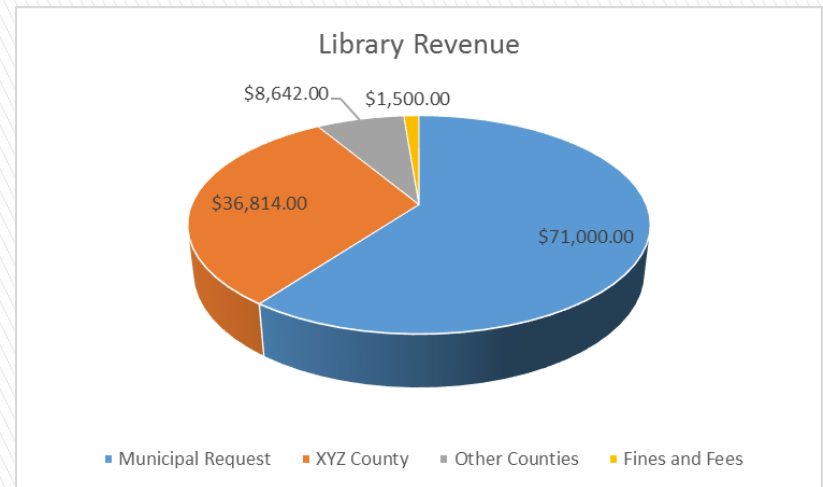


2018 Budget without request from library



Budget Narrative—Charts or Graphs

Municipal Request	\$71,000.00
XYZ County	\$36,814.00
Other Counties	\$8,642.00
Fines and Fees	\$1,500.00



Chart

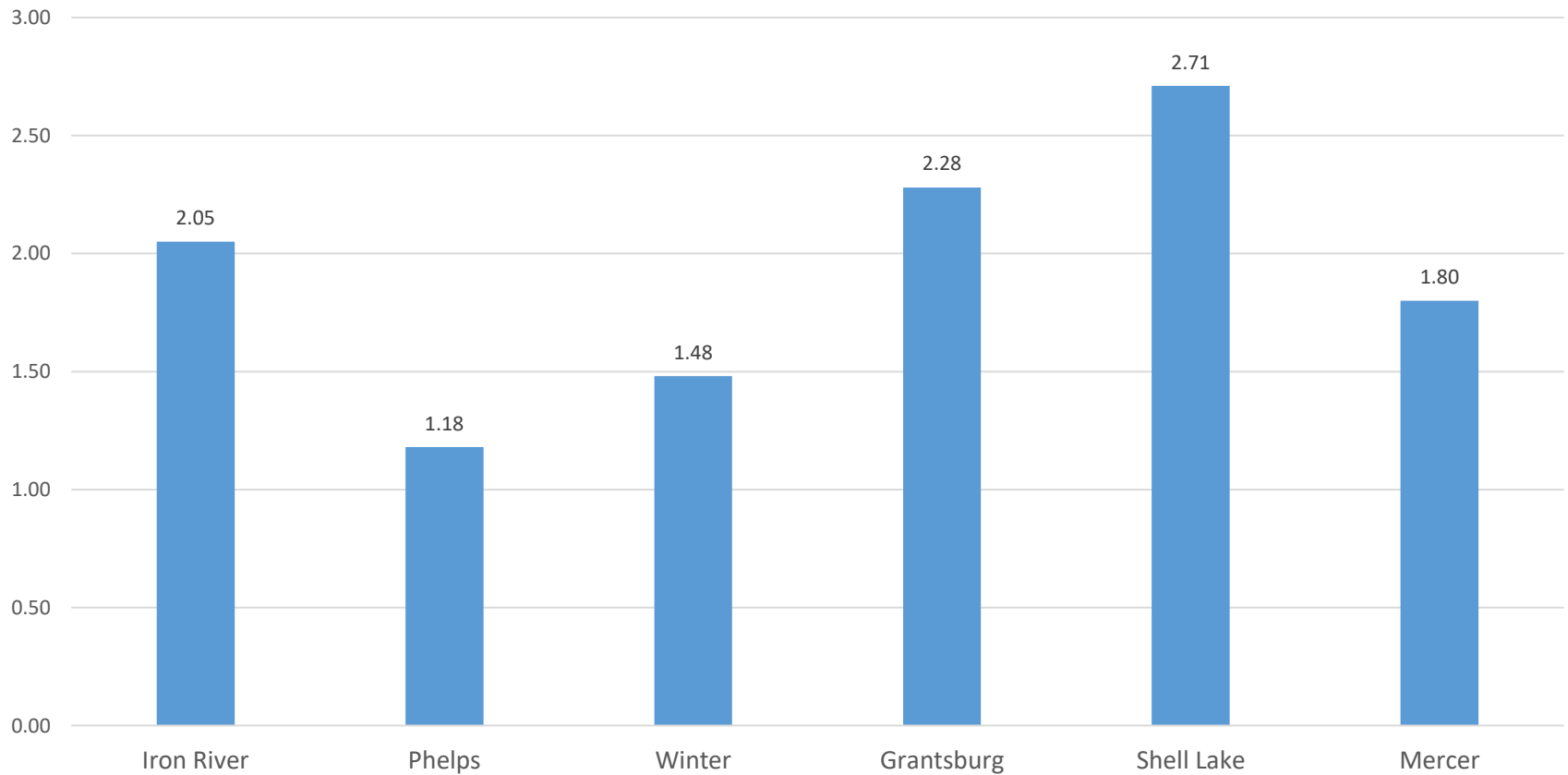
Graph

Using Charts

Municipality	Population	Open Hours	Library Visits	Circulation	Total Number of Programs	Total Program Attendance	FTE	Print Expenditures	Print Owned	Municipal Per Capita
Iron River	1,157	44	18,772	45,607	5	146	2.05	10,539	15,110	\$ 54.00
Phelps	1,248	30		22,302	34	357	1.18	7,449	12,800	\$ 45.42
Winter	1,293	41	13,956	14,747	59	1,893	1.48	6,533	7,201	\$ -
Grantsburg	1,332	44	41,067	39,201	252	6,316	2.28	7,236	13,621	\$ 62.31
Shell Lake	1,367	44	62,036	39,437	72	1,273	2.71	10,245	14,269	\$ 62.34
Mercer	1,439	45	13,171	20,371	129	1,839	1.80	13,141	18,551	\$ 73.21

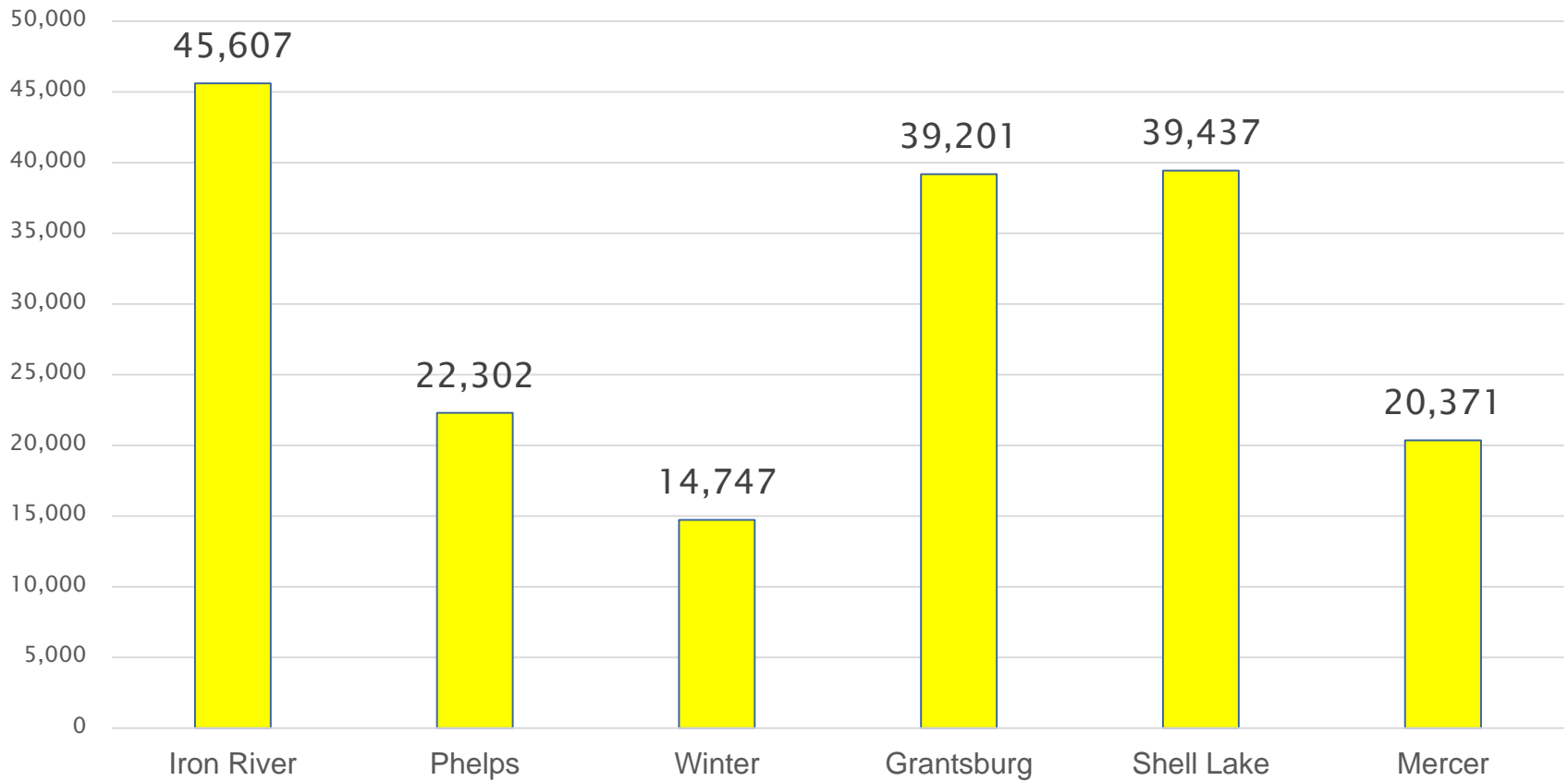
Using Graphs

Total Staff FTE



Using Graphs

Circulation



Library Standards

▶ Voluntary Wisconsin Public Library Standards

<https://dpi.wi.gov/pld/boards-directors/library-standards>

◦ Tier Standards

- Governance
- Administration
- Funding
- Staffing
- Collections and Resources
- Programs and Services
- Access
- Facility

Library Standards

- Quantitative Standards – Municipal or Service Population
 - Hours Open
 - Volumes Held per Capita
 - FTE Staff per 1,000
 - Materials Expenditures per Capita
 - Collection Size
 - Periodical Subscriptions
 - Audio Recordings Held per Capita
 - Video Recordings Held per Capita
 - Public Use Internet Computers per 1,000

Presenting the Budget

- ▶ Library Board
 - Involve them in the process
 - Form a budget subcommittee to preplan
 - Provide documents to support the budget
 - Be proactive and not reactive

Presenting the Budget to Appropriate Committees and Boards

- ▶ Know your audience
 - How do they like their information presented
 - Do they know you
 - Try to attend other meetings of the governing board and not just at budget time
 - Format of Presentation
 - Highlight important and/or new programs or service
 - Bring your Board
 - Bring your Friends
 - No Jargon
 - Thank the committee and boards for their consideration of the library budget
- ▶ Tell the Library Story

cir·cu·la·tion *noun* \,sər-kyə-'lā-shən\

plural -s

1 : movement or passage in a **circuit** or other curving or bending course typically with return to a starting point

<*circulation* of air through the building>

<*circulation* of water in the lake>

2 : the orderly movement of liquid or dissolved matter through a living body:

5 a : the average number of copies of a publication sold or less frequently distributed over a given period

<a country paper with little more than five hundred *circulation* — W. A. White>

b : the number of persons exposed to an advertisement or sales message by the use of a certain advertising medium; *especially* : potential audience with available receiving sets

<the *circulation* of a radio program>

<increasing TV *circulation*>

6 a : the elements of communication within a building (as foyers, halls, corridors, stairways, and elevators)

b : unhindered passage or motion about an area

<this arrangement of doors permits easy *circulation*>

<a parking garage with free *circulation* of cars>

8 a : the lending of books or other library materials for outside use

b : the total number of items taken by borrowers from a library

c : a single borrowing of a library book

<a strong binding good for 100 *circulations*>

9 : free active social life with different persons or groups

<getting back into *circulation* after her divorce>

<http://unabridged.merriam-webster.com/unabridged/circulation>

Presenting the Budget

- ▶ Breakdown the numbers
 - Registered Borrowers in the City of Muskego
 - Total Population – 24,534
 - Total Card Holders 12,415 or 51 % of the City's population
 - Adults or % of total resident registered borrowers
 - Juveniles or % of total resident registered borrowers

Presenting the Budget

- ▶ Breakdown the numbers
 - 305 Library Programs (St. Croix Falls– 2016)
 - 147 – Children’s
 - 1,591 attendees
 - 66 – Young Adult
 - 682 attendees
 - 92 – Other
 - 530 attendees

Presenting the Budget

- ▶ Breakdown the numbers
 - Library Visits – 15,359 (Johnson Creek)
 - 49 per day (open 6 days a week)
 - 6 per hour (open 47 hours per week)
 - 5.23 per capita (2,933 legal service area as defined in *Output Measures for Public Libraries, 1987*)

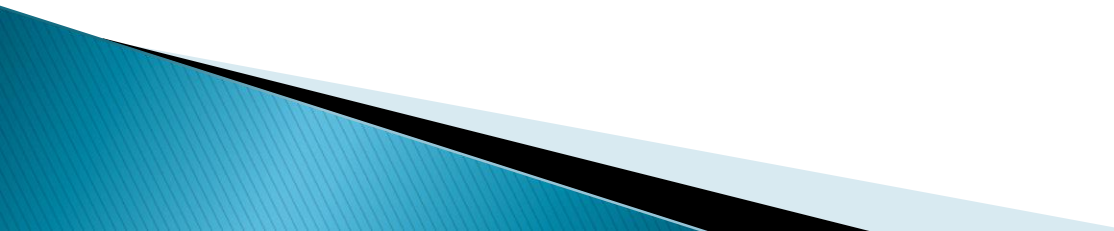
Presenting the Budget

▶ Breakdown the numbers

◦ Per Capita Expenditure

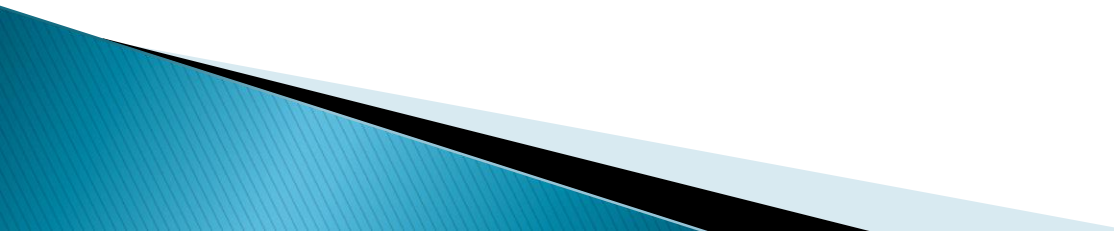
- Resident Per Capita Expenditure for Frederic was \$71.27 (2016)
 - Cost per week-- \$1.37 or about the cost of a large cup of coffee at the Holiday Gas Station
 - Cost per day- 20 cents
- Local Per Capita Expenditure for Frederic per Household \$173.18 (Based upon \$71.71 per capita and 2.43 Persons Per Household in Frederic (2010 census))
 - Cost per household per week-- \$3.33 or slightly less than the cost of a 6 inch Black Forest Ham sub
 - Cost per household per day- 47 cents or roughly the cost of cookie at Subway

Possible Budget Barriers

- ▶ Understanding the Municipal Budget
 - ▶ Levy Limits
 - Address library needs, not all budget reductions/increases are imposed uniformly
 - ▶ Shared Revenue
 - ▶ Other Community Projects
 - Operating versus capital
 - Schools versus community
 - ▶ Other
- 

Advocating for the Library's Share

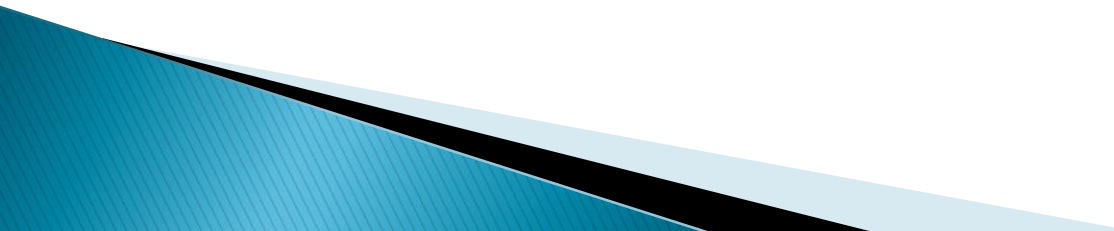
- ▶ Value of the library to community
 - Small Business Support
 - Employment Resources
 - Early Literacy

 - ▶ Library supporters
 - Attend finance hearing
 - Letters to Municipal Board
 - Editorials
- 

Advocate for the Budget Sharing Resources

- ▶ Libraries are cost-efficient operations
 - Share materials
 - Access to electronic materials
 - Online databases
 - Share cost of programs
 - Exchange ideas
 - Meeting space

Managing Budgets Cuts or No Cuts

- ▶ Evaluate all services/expenditures
 - Community Partners/Competitors
 - Program attendance
 - Open Hours
 - Checkouts by hour
 - ▶ Implement technology savings
 - Self-check
 - RFID
 - Evaluate cost effectiveness
- 

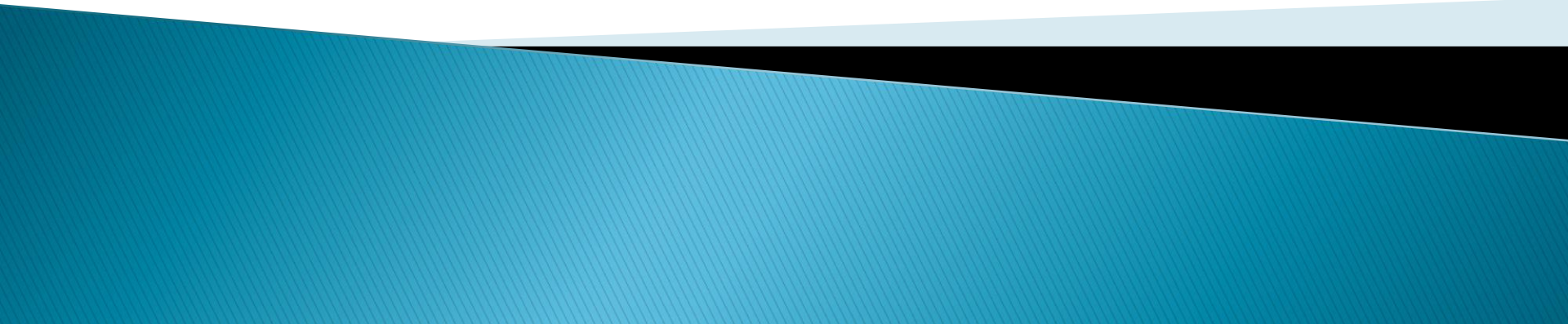
Managing Budget Cuts or No Cuts

- ▶ Group Purchases
- ▶ Collection Use/Expenditures
 - Evaluate use vs. expenditure
- ▶ Collection Expenditures
 - Choice of Vendors
 - Discounts
 - Replacement policy

Managing Budget Cuts

- ▶ Seek alternative sources of support
 - Friends of the Library
 - Grants for special projects/collection development

Resources—Background Slides



Managing the Library's Money— Statutory Authority

- ▶ Chapter 43.58 Powers and duties. (1) The library board shall have exclusive control of the expenditure of all moneys collected, donated or appropriated for the library fund...

Managing the Library's Money-- Statutory Authority

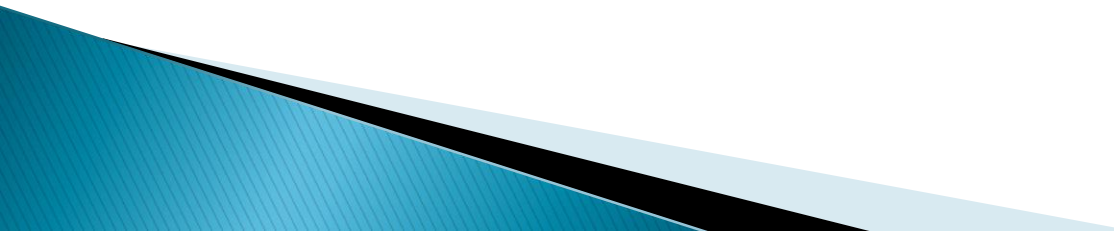
- ▶ (2) The library board shall audit and approve all expenditures of the public library and forward the bills or vouchers covering the expenditures, setting forth the name of each claimant or payee, the amount of each expenditure...to the appropriate municipal or county financial officer...
 - No further action is required by the municipal body for payment

Managing the Library's Money – Statutory Authority

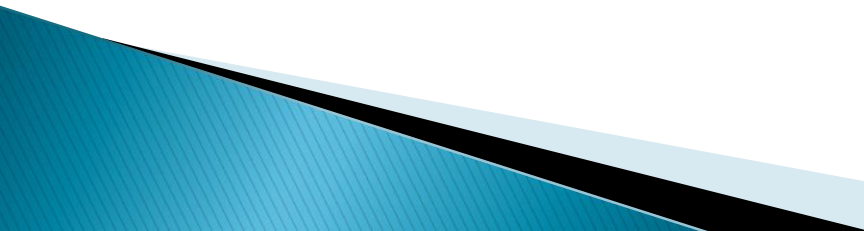
Chapter 43.58 (7)(b)

(b) If a gift, bequest, or endowment is made to any public library, the library board may pay or transfer the gift, bequest, or endowment, or its proceeds, to the treasurer of the municipality or county in which the public library is situated; may entrust the gift, bequest, or endowment to a public depository under ch. 34; may pay or transfer the gift, bequest, or endowment to the library board's financial secretary; or may pay or transfer the gift, bequest, or endowment to a charitable organization, described in section 501 (c) (3) of the Internal Revenue Code and exempt from federal income tax under section 501 (a) of the Internal Revenue Code, the purpose of which is providing financial or material support to the public library. A payment or transfer of a gift, bequest,

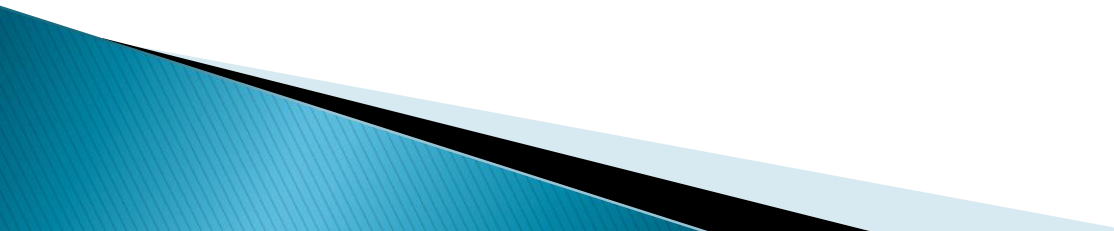
Managing the Library's Money— Role of the Library Director

- ▶ Make purchases within budget and board established purchasing policies
 - ▶ Prepare monthly financial statements for board
 - ▶ Prepare vouchers for all expenditures
 - ▶ Develop a budget draft for the library board
- 

Managing the Library's Money— Role of the Library Board

- ▶ Review and approve of all library expenditures
 - ▶ Review and monitor monthly financial statements
 - ▶ Develop policies for handling of gifts and donations
 - The purpose for the use of those funds
 - Where the funds will be deposited
 - Who can sign checks from those funds (two signatures are recommended)
- 

Managing the Library's Money— Role of the Library Board

- ▶ Accurate Financial reporting
 - ▶ Develop and approve the Budget in consultation with Library Director
 - ▶ Approve library's annual report
 - ▶ Advocate for sufficient library resources
- 

Additional Resources--Budget

- ▶ League of Wisconsin Municipalities Municipal Budgeting Toolkit
 - <https://www.lwm-info.org/574/Municipal-Budgeting-Toolkit>
- ▶ Administrative Essentials Developing a Budget (DPI)
 - <https://dpi.wi.gov/pld/boards-directors/administrative-essentials/developing-budget>
- ▶ Administrative Essentials Managing the Library's Money
 - <https://dpi.wi.gov/pld/boards-directors/administrative-essentials/managing-money>

Additional Resources--Budget

- ▶ American Library Association (ALA) The Small but Powerful Guide to Winning Big Support for Your Rural Library
 - <http://www.ala.org/aboutala/offices/olos/toolkits/rural>
- ▶ ALA Preparing a Budget Presentation
 - <http://www.ala.org/advocacy/advleg/advocacyuniversity/budgetpresentation/preparing>
- ▶ Frequently Asked Questions (FAQ) on Public Library Administration and Governance
 - <https://dpi.wi.gov/pld/boards-directors/administration/faq>
- ▶ WebJunction Budgets & Funding
 - <https://www.webjunction.org/explore-topics/budget-funding.html>

Additional Resources--Planning

- ▶ Trustee Essentials Planning for the Library's Future
 - <https://dpi.wi.gov/sites/default/files/imce/pld/pdf/TE11.pdf>
- ▶ Wisconsin Public Library Standards
 - <https://dpi.wi.gov/pld/boards-directors/library-standards>
- ▶ Administrative Essentials Planning for the Library's Future
 - <https://dpi.wi.gov/pld/boards-directors/administrative-essentials/planning-future>