

March 14: Don't Bust Your Budget

The term "member" applies to those who attended the Roundtable and contributed by speaking or in the chat. Individual names and library names are not used to keep information anonymous.

The Roundtable began with an HRAF Leader asking everyone to share their name, a budget concern or question they have, and something they like to do on a nice day. Those who had access to their mic answered verbally while those without access, shared in the chat. Many had no pressing questions or concerns about budgeting but were excited and interested to hear what budgeting strategies others had.

Members had varying backgrounds and knowledge of library budgeting. Some are very involved with the library budget as a whole, others are only involved in certain portions of the budget, and some are new to their positions and will be working with their library budget in some capacity.

Common challenges faced by libraries, regardless of size and budget included:

- Advocating for the library budget
- Understanding the library needs
- Ensuring library resources are allocated effectively
- Making sure cash flow and budget align (Cash flow analysis can make it apparent where money is being spent.)

Transparency and Collaboration:

Throughout the Roundtable, there was an emphasis on transparency and collaboration when planning the budget. This transparency extends not only to those involved in the budget planning process but with the library board, town officials (for those that need town approval) and all library staff. Explaining the limitations so that people understand how the budget is balanced. "If we do x, then what won't happen because the funds aren't there?"

One member spoke about how they provide a financial summary for the board every quarter along with an end-of-year review. After these specific board meetings, they do a presentation for all staff to go over the details so that everyone is informed. This allows everyone to know the financial situation of the library. Discussed with both the board and the staff are areas the budget is over or under, where they're on target, and what is a tolerable percentage variance for specific line items. The member did state that this is dependent on the relationship with the board.

Another member talked about how they begin budget planning well ahead of time (roughly 6 months). They start with a brainstorming session with library leadership and management teams, asking first what they want if the “sky’s the limit” to find out what people are wanting and hoping for. The discussion then turns to the financial reality and figuring out what the priorities need to be for the coming year.

Another member does something similar. The Finance Director sends a spreadsheet to Department Heads that shows how much they spent versus how much was budgeted for the previous year and then asked to fill in the blanks for the upcoming year. After this, the Finance Director, Library Director, and Department Heads meet to get the narrative behind the numbers. Next, the Finance Director and Library Director begin planning, determining how much can be given to each Department and budget line item. For this library, it’s a very collaborative process that has proved to be beneficial as it keeps the Department Heads involved so they can make better financial decisions *throughout* the year, not just when creating the budget.

For one member’s library, the Head of Business Services sends out a wish list to the managers. Once this is returned back, they work with the Director to figure out the budget and create their Annual Action Plan, being sure to align it with their Strategic Plan. Items that can be spread across fiscal years (July 1 fiscal year start date) are done so. The Strategic Plan is kept in mind while budgeting to ensure certain planned items/expenditures are included.

Asking what you’re (library, staff members, departments, etc.) projecting to do for the remainder of the year while planning for the upcoming year can be a great way to start. Having staff members in charge of specific lines and being clear about who is in charge of which is also helpful. For smaller libraries, the director may be in charge of all line items. Regardless, it’s beneficial to clearly define roles at the beginning of the budgeting process so everyone involved knows what their duties and deadlines are.

Standards and Budget Allocation:

Standards for Illinois Public Libraries can be used as a guideline for budget allocation. The *Standards* can especially be helpful if you’re trying to bring a budget into the black. For instance, collection expenses should be 10-12% of the budget, according to the *Standards*. If you’re budget has a much higher percentage for collection, this might be an area to cut back spending.

(The [newest edition](#), 5.0, is on-track to be available online and for free this June.)

Reserve Funds – District Libraries:

A question was asked about how to get money out of a Reserve Fund. Reserve Funds cannot be touched except for the specific project(s) they are designated for.

One member talked about how they built into their budget *when* they wanted to withdraw funds from their capital fund (in order to do renovations). They've been aggressively feeding the capital fund to help ensure they have what they need in the fund when it's time to withdraw it. One way to feed the fund is that any leftover from the tax dollars at the end of the fiscal year goes into the fund.

Another library talked about how their library put money into a fund for a bookmobile. The board knew the goal so again, carry over went into the fund. Donations can be specified for the fund or goal. It can also be helpful to have a goal for the fund so that you can tell patrons what that money/fund will be used for.

As far as pulling money from the fund, this should be a line item on the budget and when it's time to withdraw from the fund, nothing special needs to be done. The withdrawal is reflected on that fund's line item.

Challenges related to Cost-of-Living (COL) increases were briefly addressed. A future Roundtable will be on the topic of salary, so be on the lookout.

Other helpful tips:

- Spreadsheets! Almost everyone mentioned the importance of a good spreadsheet.
- Tracking monthly expenses
- Providing itemized reports regularly to those in charge of a specific portion of the budget
- Board Treasurer can be a huge asset