



"Budget" photo by SurveyHacks is licensed under CC BY 2.0

BUILDING A SUCCESSFUL BUDGET

BEN MEAD-HARVEY



Agenda



- Define “Budget”
- Budget Process Suggested "Homework"
- Determining Costs (Activities Based Costing)
- Advocating During Budget time: Focus on Library Value

The Word “Budget”



1. Frontline managers: Budget = “an amount of money”
2. Business office: Budget = “a forecast of cash usage”
3. Administration: Budget = “a plan for the future”

N.b. “budget” includes revenues for #2 and #3

Budget Process (Optional Homework)



Suggested activities to increase your budget proposal savvy:

Brainstorm on your own:

- A quick overview of your budget process, as you understand it
- Questions about your budget process that you wish to understand better
- Questions/examples about what "works" and doesn't "work" to get your budget approved

Bring these thoughts to meetings with:

1. Peers at your institution (Dir's of other depts., your supervisor, etc.)
2. Other Library directors

Budget Challenges



- “Supporting Collections while also putting money toward new programs/projects”
- “I am writing up a proposal as to why it’s important to fund us fairly”
- “The largest challenge this year was three rounds of operational budget cuts”
- “I may get a budget cut at any time after I have allocated funds”

Cost Accounting & Library Value



1. Determine the costs of various activities
2. Estimate value of those activities

Determining Costs (Activities Based Costing)



1. Choose an activity to measure
2. Identify costs involved (staff time, materials, etc.)
3. Identify main cost "driver"
4. Calculate cost per driver & total cost
5. Make more informed decisions based on accurate cost knowledge

Value of Library Activities



Important rules when advocating for your budget:

- What you can offer matters
- How much the work costs is secondary
- Never frame proposals in terms of "needing" the money

Specific strategies for assessing value are not discussed today. Consider noting this as an area of interest for your future development

Cost Accounting & Library Value



1. Determine the costs of various activities
2. Estimate value of those activities

Do these two steps, even a bit, and you will:

- Weather budget cuts more intelligently
- Advocate for your budget with more authority

Summary - Building a Successful Budget



1. Consider the meaning of the word “budget”
2. Have full understanding of budget process at your institution
3. Begin monitoring costs *by activity*
4. Come budget time, emphasize value of your services

What Questions do you have?



My info:

Benjamin Mead-Harvey

- Email: bharvey2@illinois.edu
- Illinois iSchool: Financial Management & Personnel Management