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Making Cents of the Budget

A Model for Empowering Library Leaders

Since the beginning of my career, I have always been responsible for some aspect of the budget. Early on I managed several acquisitions funds and my responsibilities have grown as I have advanced into senior leadership roles. However, neither while earning my masters of library science nor once in the field has anyone explained how to manage a budget. Instead, I have had to put these puzzle pieces together myself. I continue to be surprised by the lack of transparency around funds and budgets. Though a certain amount of transparency has come about as I have moved into more senior roles, I have found that *I* must be the one to push for such transparency and communication about the budget. To help me do this work better, I have created a toolkit that has given me the confidence to have what can be difficult conversations with budget officers and colleagues as I try to suss out my budget context and develop a sustainable strategy in support of my unit and its needs.

Three guiding principles make up this toolkit:

1. Knowing where your money is and what it can be spent on.
2. Developing a budget strategy to support your program and key objectives.
3. Communicating both internally within your unit and externally to key stakeholders how you have spent your funds.

To create a culture in academic libraries that prioritizes transparency and clear communication when it comes to the budget, each person—no matter what position they hold within their organization's hierarchy—deserves to know what funds are available to support the work that they do and where those funds come from. Building confidence in one's budgeting skills enables each practitioner to better leverage those skills to effectively manage their funds to best meet users' needs and fulfill the library's mission.

Vocabulary

To best understand the budget context at our respective institutions, it can be helpful to first learn commonly used terms. In my experience, there are primarily three types of funds to be aware of:[1]

1. Endowments are monies that are invested, and the designated unit receives a certain amount of revenue, typically 4% of the principle per year to spend. Typically, endowments

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are monies received either through a gift or have certain stipulations associated with them. For example, Endowment A can only be used to fund student assistantships.

  2. Gift funds are one-time monies, meaning once the fund is spent the fund does not become replenished year to year. Like endowments, these funds often have stipulations or are the result of a specific fundraising initiative.

  3. Operating funds are the funds the library typically receives from campus either through a student fee or routed from a state appropriation, or both. These funds often pay for salaries.

The next foundational element to consider are the various staff roles associated with budget management in the library or institution and how practitioners will likely work with these different roles to apply the steps in the toolkit.

Most academic libraries have a staff member with budget oversight. Whether the practitioner has just started working at a new library, is new to their role, or has worked in the same place for many years, I strongly recommend that anyone with oversight over a budget take the time to have an introductory meeting with the most senior level budget officer in their organization.

This person should have the most information, which will then inform how practitioners can best manage their budget and the funds available to them. The budget officer can also orient the practitioner to the budget software that the library uses and point out any quirks to become familiar with as part of tracking funds and spending.

Larger libraries may have finance units with multiple staff. If so, talking with any other staff members in that unit can be effective. Getting to know the person who processes expense charges and learning who to contact if there is a problem is a key relationship to strengthen.

Many academic libraries have development officers on staff whose role is to raise money for the unit. For practitioners who manage budgets, meeting with the development officer can offer important insights into their current fundraising initiatives and how that office or those priorities intersect with their budget area, if at all. If there is not a development officer on staff, practitioners who oversee endowments or gift funds may find it useful to work with their administrators to seek out a contact in Central Development, who works with library staff when a gift is received.

Knowing Where Your Money Is and What It Can Be Spent On

When taking responsibility for some aspect of budget management, practitioners should first find out what accounts they have access to and what, if any, constraints exist for spending those funds. Transparency around the budget varies greatly. Oftentimes others' longevity at the institution can impact how much information they proactively communicate and share. In addition, staff with or without responsibility for the budget may perpetuate false truths about available monies.

So how do practitioners go about finding out where their money is and what it can be spent on?

At a minimum, I have sought copies of the gift agreements or terms that dictate how each of my funds can be used. These restrictions then guide my budget strategy, which is the second step of the toolkit. Gathering relevant information can involve talking with multiple people throughout the library or institution. To try to mitigate potential frustration and

staff time in the future, I have prioritized documenting the information I have collected by writing short reports that outline my budget strategy and the key pieces of information or places to find critical information about the funds and how they have been spent. My hope is that such documentation not only helps to set up my future successor for success, but that it also brings more transparency to library work, and the funds needed to sustain such work, which benefits everyone.

Creating Your Budget Strategy

Once practitioners know where their money is and what it can be spent on, the next step is to create a budget strategy, which is the second step in the toolkit. Doing research outlined in toolkit step 1 then informs how I develop my strategy. Key questions at this stage include (1) what do you *need* to spend money on and (2) what do you *want* to spend money on?[2]

I like to distinguish between these questions because in most cases there are expenses needed to run one's operations and expenses that fall into the "nice to have category." The expenses in these two categories should support objectives, either short-term or long-term. An example of one of my core operational expenses has been hiring students to staff our special collections reading room. An example of a "nice to have" might be partnering with another unit as a co-sponsor of an event. Depending on the institution's mission or the particular unit a practitioner works in, the expenses in these categories may vary. Using this dichotomy makes it clear to me and others what funding my team absolutely needs to do we have been tasked to do and what funding would enable us to offer additional value for our users.

After I create these "needs" and "wants" lists, I then share them with my team. Regardless of whether a practitioner is new in their position or new to managing a budget, involving others in developing the strategy helps make it a more realistic and accurate reflection of the unit's needs. Since participating in the budget process and being asked for their input may be new to some staff, practitioners will want to clarify what kind of input or feedback they are asking for and how their input will or perhaps will not be incorporated into the developing strategy. That transparency will help to increase the trust that others have in the manager as the person responsible for their budget.

Once I have identified my expenses, I then begin to project how much money to allocate to each expense category. I consider these allocations to be my best guess at anticipating what my unit's budget needs are. That anticipated or ideal state may not end up being realistic, so I may need to make changes before implementing the strategy or as the fiscal year progresses.

Once I complete a draft of the budget projections for each expense category, I then share the spreadsheet with my team and other key stakeholders whose work may be impacted by this plan. I ask each person the following questions:

- Do these figures accurately reflect their need for the upcoming fiscal year?
- What expense categories may be missing?
- Have any priorities changed since beginning this process, and what changes should be made to the budget model in response?

After I incorporate this feedback, I go back to the projected expenses and ask myself:

- Do I have the funds needed to support this anticipated program?

- If not, what changes could I make or where could I find other sources of financial support to avoid cutting back?
- If I do cut back, how will I make those decisions and how will I communicate those changes to my team or other stakeholders?

At this point in the planning process, I also meet with my boss and budget officer and share the strategy with them. I want to be sure I have their support and answer any questions they have before implementing the strategy. Then I share the final version of the budget strategy with my team and key stakeholders.

Communicating How You've Spent Your Funds

As part of increasing transparency around the budget process and management of funds, I regularly communicate our spending progress with key stakeholders, such as my team, boss, and budget officer. The purpose of this communication, particularly to those in my unit or reporting line, is to help others see themselves as part of the budget process, which began by seeking their feedback when first developing the budget strategy and allocation projections. As part of this communication plan, I run quarterly spending reports and share those reports with unit managers.

From there I aim to work with managers to develop a narrative to help interpret and explain our progress. Knowing which expense categories are on track to meet the spending projections and which categories look different than we originally thought then feeds into my messaging.

By running quarterly reports, I can more easily identify potential accounting errors and try to fix those errors. Knowing where your money is and what it can be spent on is critical for identifying these accounting errors and maintaining an accurate picture of spending.

I only provide updates to my boss or budget officer when we may underspend or overspend a budget category. I take responsibility for any mistakes with the budget that are mine or caused by someone in my reporting line. I never assume that the situation will correct itself or that no one will notice. It is much easier to fix a problem that is clearly defined than being forced to do a fair bit of financial forensics later in the fiscal year. If the mistake is not mine, I try to find out what might have happened and work with the staff member to correct the error.

Conclusion

Adapting the steps outlined in this budget management toolkit can empower practitioners to be more informed and active participants in their organization's budget process and strategy. By becoming more confident about the terms used in budget management, the systems used to manage funds, and the process of articulating specific unit needs, practitioners can bring much needed transparency to budgeting in academic libraries. I encourage practitioners to consider the information gaps they have and the conversations they need to initiate to gain fluency in budget management. Knowing where the money is and what it can be spent on, developing a budget strategy to support the program and key objectives, and communicating both internally within the unit and externally to key stakeholders how you have spent the funds are critical steps needed to bring about the kind of transparency we should expect from our library leaders. 🦤

Notes

1. Endowments and gift funds may fall under the broader umbrella of "reserve funds." However, since that term is more commonly used to indicate surplus monies, I have chosen not to use that term here.

2. For the purposes of this article, I am primarily focusing on discretionary spending categories and not on expenses such as salaries, though those are certainly critical expenses to consider.