

SMALL CRAFT ADVISORY  
20-33 Knots  
(23-38 Mph)

THE UNIVERSITY OF VERMONT  
**EXTENSION**

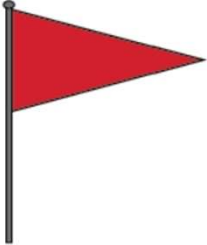
## VTLIB Stormy Fiscal Seas Series Part 2: Batten down the hatches; budget triage

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Former trustee  
treasurer;  
former financial  
manager

**Thank you VTLIB!**

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This session will focus on how/where to “trim your sails” if necessary due to inflation or other reasons. Sometimes we are faced with lousy choices!

We’ll also talk *a wee bit* about revenue, but we’ll focus on revenue more next Wednesday (OCT 26)!

- Clarifying financial responsibilities
- The budget cycle
- Short review on top-ten best practices
- Discretionary and nondiscretionary costs
- **Hands-on work in breakout groups to discuss how you’d manage a sample budget**
- Discussion

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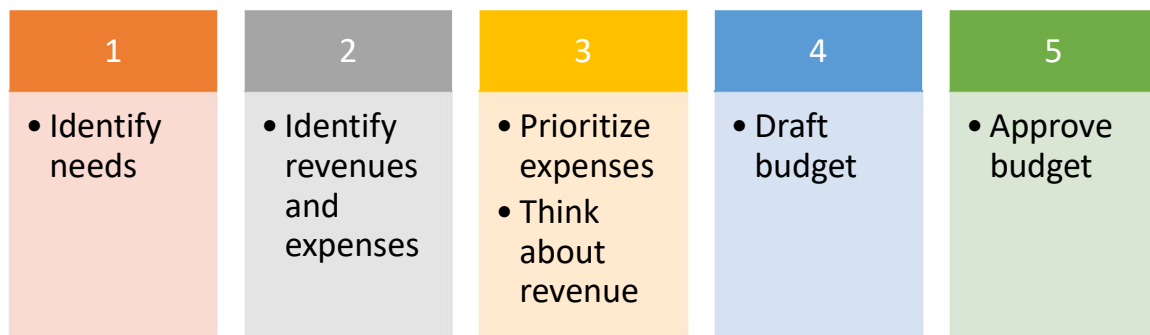
## Before you begin

- Who is on the budget team and what are their roles?
- Who has final say?
- How is the library funded?
- How are expenses determined?
- Don't start too late!



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## Five steps in the budgeting process



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## Revisited: tips for budget management

1. Understand what you are responsible for.
2. Budgeting time should be “budgeted”!
3. Get regular reports that you can read. Summary & detail reports
4. Keep up on invoices (& purchase orders). Make certain that business purpose is clear.
5. Reconcile monthly.



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## Revisited: tips for budget management

6. If you have a question, don't let it linger. If you want something changed, ask.
7. Always put expenses in the correct category!
8. Plan for the unplanned – maintain flexibility.
9. Don't focus too much on the trees; look at the forest
10. Communicate! Share! Transparency!



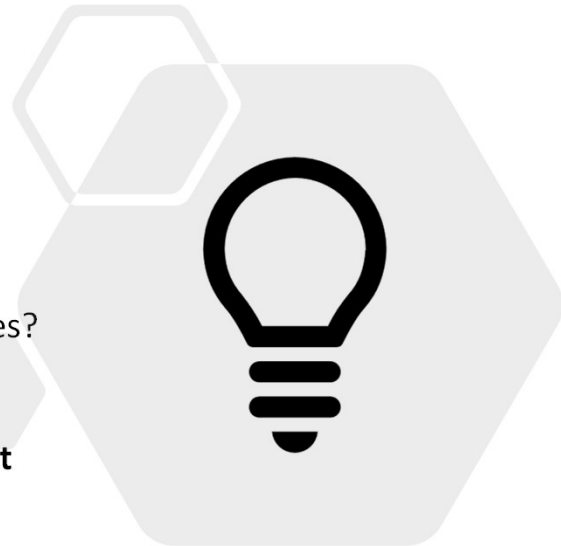
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## Library discretionary versus non-discretionary expenses

**Non-discretionary** spending is **essential and non-negotiable spending** defined within a budget.

What are Non-Discretionary examples?  
Examples of these expenses include:

**Heating oil, electricity, water and sewer, telephone, internet, and debt service.**



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## Library discretionary versus non-discretionary expenses

In contrast, **discretionary** spending refers to non-essential (?) expenses, such as;

**Books, audio / visual, electronic materials, periodicals, programming.**

What about salary and wages, and associated payroll taxes, health insurance costs, et cetera?



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## Budget-tightening ideas – add yours in the chat!

- ❖ **Make an argument** for many costs being non-discretionary and out of the libraries control. These should not be viewed as part of a discretionary budget increase (!?)
- ❖ Sometimes it will take **years** of communication to unwind what has “happened” to the budget over time! [Note: *use the power of multiple-year budgeting!*]
- ❖ **What costs a lot?** Energy!
  - Sealing air leaks around windows and doors
  - Having your HVAC system cleaned and serviced in spring and fall
  - Using energy-efficient lightbulbs
  - Setting your thermostat lower in winter and higher in summer
  - Unplugging electronics when not in use
  - Alternate open hours?

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## Budget-tightening ideas – add yours in the chat!

- ❖ **Personnel costs** are the biggest cost in most library budgets. Reducing personnel costs – painful or painless; depends.
  - Look at **operational efficiency**.
  - **Maximize** use of your employees' skills.
  - **Outsource to** freelancers?
  - Interns? AmeriCorps? Volunteers?
- ❖ Look closely at **recurring** subscriptions.
- ❖ Phone and internet costs may be reduced simply by making a call.
- ❖ Ditch the **landline** if possible.
- ❖ Shop around for your **best pricing** – could it be local?
- ❖ Are there **cooperative purchasing** opportunities?

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## Budget-tightening ideas – add yours in the chat!

- ❖ Are **grants part of the solution**? For instance, UVM Extension 47% grant funded in 2012; in 2021 67%. [Gary is 44% federal grant funded]. **Labor** costs as well as operating costs...
- ❖ **Benchmark** against other “like” libraries – ask questions.
- ❖ Get an **expert** to look at your accounts over time.
- ❖ **Buy refurbished** equipment and other items.
- ❖ Take sock of what you have in **inventory** – supplies, et cetera. Does it lead to creative ideas for low-cost programming? Using in-house materials rather than buying new?

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Category	Account	Budget	
Goods and services	Audio Visual	-\$900	
	Educational Programs	-\$2,000	
	Equipment Repair	-\$1,500	
	Misc Expense	-\$500	
	Online/Electronic	-\$4,500	
	Periodicals	-\$100	
	Supplies	-\$2,000	
	Books for Adults	-\$3,500	
	Books for Children	-\$3,000	
	Books for Young Adults	-\$2,500	
	Copier Lease	-\$2,000	
	Interlibrary loan	-\$550	
	Internet	-\$1,000	
	Phone - cell	-\$500	
	Phone - landline	-\$580	
	Reserve funds	-\$3,000	
	Utilities - Electric building	-\$6,500	
	Utilities - Electric well	-\$350	
	Utilities - Heating	-\$4,100	
	Utilities - Waste Services	-\$475	
<b>Subtotal</b>		<b>-\$39,555</b>	
Personnel	Bereavement Pay	\$0	
	Dental Insurance	-\$445	
	Health Insurance	-\$15,500	
	Holiday	-\$2,400	
	HRA Funding	-\$750	
	Retirement	-\$3,700	
	Salaries	-\$67,000	
	Sick Pay	-\$1,200	
	Social Security, Medicare taxes	-\$5,000	
	Professional development	-\$500	
	Vacation	-\$1,200	
	<b>Subtotal</b>		<b>-\$97,695</b>
	<b>Grand Total</b>		<b>-\$137,250</b>

Switch to the PDF of the budget instead of using this slide!

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## Sample budget brain ticklers

Where could we find savings if we want to make modest pay increases but are level funded [or worse]?

Thinking back on the review of “budget-tightening tricks”, what are some things that you have used or ideas that resonate with you?

What are some things that surprise you about this budget compared to your library’s budget?



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## Thank you!

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