

Narrative Budgets: Telling the Story of Your Library's Value and Values

Doralyn Rossmann

Abstract

A library's budget should be a reflection of its values and goals, but budget formats do not always lend themselves to telling the library's story. Your budget message needs to be aligned with your library's broader communication plan so that user experience is consistent with messaging from other library venues. Ideally, your budget, along with all library communication points, include language from your library's values, mission, and vision statements and strategic plan. This article outlines traditional budget formats, introduces a format called Narrative Budgeting, and provides an example and outline for creating a narrative budget for your library using language from your library's strategic plan and mission, vision, and values statements. Once set up, your Narrative Budget can be adapted and used to communicate with a variety of constituents to present an understandable and justifiable use of the library's allocated resources.

Introduction

In the first article in this series, I outlined an approach for libraries to craft a values statement, a mission statement, a vision statement, and a strategic plan which, ultimately inform the creation of a communication plan. Cumulatively, I refer to the values, mission, and vision statements and your strategic and communication plan as your Statements and Plans or, abbreviated your "S&P."¹ With engagement of members of the library organization involved in the creation of your S&P, the language, ideas, and priorities identified in these statements and plans can become embedded in the library's organizational culture, including the library's presentation of its budget.

Your budget message and presentation should be determined by a combination of the audience for your budget message, the budget format used (as described in the next section of this article), and the priorities and efforts of your organization as found in your S&P. For example, your budget office may want to understand where your money goes as outlined by the budget categories used by the parent institution, so a Line-Item Budget may be accompanied by a presentation of how library efforts help achieve university strategic plans. Another audience such as a city manager may want to understand how your funds are committed by programs such as your information literacy program, your bookmobile program, or your data management program so they can include this information in the city's annual report. So, this data might lump budget categories into program type and report results and outputs by these same categories. You may also have requirements to respond to national benchmarks such as IPEDS, ACRL, or accreditation bodies for libraries or other disciplines which may or may not allow for explanation beyond required financial figures. Be prepared to provide your budget in multiple formats to meet these varying needs and to make these various budget presentations easily available for sharing for greatest transparency and common understanding.

A budget should be a reflection of the priorities and efforts of your organization. This means that the elements of your values statement, mission statement, vision statement, and strategic plan (S&P) should all be present in the language and organization of your budget message. As Kaplan and Norton observe “Some 60% of organizations do not link their financial budgets to strategic priorities.”² While there are commonly used budget formats discussed in the library literature such as Zero-Based Budgeting and Program Budgeting, this article advocates adopting Narrative Budgeting to accompany the core budget structure to tell the library’s story.

Here, let’s examine some common approaches to budgeting, some value frameworks for budgets, and some scenarios for identifying the audience and presentation of your budget message, in keeping with your S&P.

Budget Formats

At its core, a library budget shows how resources are allocated by categories. Ideally, the library budget would help the library fulfill its mission, achieve its vision, realize its values, and accomplish goals set through its strategic plan. In constructing its budget, the library may have little flexibility in its format because its parent institution or professional organization (e.g. university, city government, accrediting body, etc.) may require reporting information using a specific structure or template. As a result, libraries usually have multiple presentations of their budget depending on the intended audience. There are several budgeting structures which can be found in use by many types of organizations. I suggest pairing these common approaches with Narrative Budgeting to provide a complete picture of what the library accomplishes and to make its budget most justifiable. This approach can be useful for opening the budget to library staff understanding and for building external support for the library in realizing the value the library provides in the resources it receives. An overview of common budget formats is followed by a description of Narrative Budgeting. Then, examples of aligning a Narrative Budget with a library’s S&P give context for implementing this approach at your library.

Common Budget Formats

Some examples of commonly used budgeting approaches include:

- **Line-Item Budget**
Line-Item Budgets generally align with categories provided by the parent organization. The entries in such a budget usually have little explanation of how they relate to other entries of the budget or how inputs relate to outcomes. Sometimes entries in this form of budget have line-numbers which correspond to the type of expense or revenue categorized by the parent organization. Benefits to this type of budget include standardization of reporting across the parent organization and commonly used terms to describe expenses. A drawback to this type of budget is that it does not tell the story of how money in one line is related to the money in another line reducing the understanding of how inputs correspond to outputs.

- **Program Budget**
 In a Program Budget, the presentation of funds is around the programs themselves rather than the type of expense. So, if your organization has six programs, the allocation of supplies would be divvied up by how much is used by each program rather than lumping all supply costs into one line. This type of budget can be helpful in seeing where the organization's efforts are placed and the percentage of costs for a program as a part of a larger budget. It can be difficult to identify the program-to-cost level with things like utilities since it can be challenging to decide how much of a heating bill, for example, goes towards each program.

- **Performance-Based Budget**
 Performance-Based Budgets emphasize linking inputs to outcomes. For example, the amount of money put into a reading program may lead to a specific number of children who complete a reading program. This form of budgeting directly ties how funding leads to identified outcomes. Sometimes it can be challenging to demonstrate a causal relationship such as reference questions answered to student graduation rates or to identify easily trackable performance measures.

- **Zero-Based Budget**
 This type of budget moves away from the concept of incrementalism. Incrementalism assumes a starting budget based on the allocation of funds from the previous year. Zero-Based Budgets require that expenses be reviewed each year to make sure they have sufficient income rather than just funding the expenses automatically. Usually, Zero-Based Budget proposals show what would happen to a program if funds were reduced by a certain amount, were kept at the same amount, and were increased by a certain amount. This type of budget can encourage organizations to reflect on what programs and services are top priorities but can also lead to instability with uncertain funding for projects from year to year.

- **Other types of budgets for libraries**
 There are a number of surveys, reports, and other queries which require libraries to report about budget allocations and expenditures which have little room for customization. Some of these measures can be outdated or difficult to track such as questions from accrediting bodies like "Number of print serials subscribed" when a collection may be largely made up of electronic journals and there is not an accompanying question for electronic journals. It can be useful to communicate with the producers of these questions about these challenges so they might change what's asked to reflect the current information environment.³

Narrative Budgets

While these commonly used budget types reflect how resources are allocated, they may not reflect how the library works to achieve its values and goals as established in the S&P. Those familiar with writing grant applications are likely acquainted with a “budget narrative” which explains how requested funds will be used to accomplish the goals of the project. The religious organization sector has taken this idea and adapted it into what it calls using a “Narrative Budget” to tell its story. Also called a ministry-based budget, a Narrative Budget has been strongly advocated by the United Church of Canada (UCC) for use by religious organizations. It is not meant to replace a traditional budget form such as a Line-Item Budget, but rather supplement it to show how resources collectively used help the organization accomplish its mission in support of the broader organization’s goals. Adapted from the religious organization literature, there are several benefits to using an adapted version of the Narrative Budget for libraries.⁴

Five benefits of a Narrative Budget for libraries:

1. Communicates complex financial information in a more understandable way for a broad, diverse audience.
2. Links library mission, vision, values, and strategic plan with financial priorities.
3. Helps develop a deeper understanding of the library’s stewardship of financial and human resources.
4. Inspires support of the library because it is easier to see how funding makes a difference and changes lives.
5. Encourages community members to discuss the needs of the community more deeply, tell others about the work of the library, and see their support of the library as an expression of values shared with the library.

Sometimes funding for libraries has limited understanding by those in budget offices, which can result in poor representation of and support for the library in financial discussions and decisions. At Montana State University (the author’s institution), members of the central budget office sometimes refer to the Library’s Collection Development budget as the “Acquisitions Budget” with a tone that implies that the Library is a cost sinkhole which just accumulates objects for its own use rather than providing a greater benefit to the University. Using a Narrative Budget offers the opportunity to reshape the conversation to show how the library provides access to information for teaching and research at a cumulatively lower cost than if individuals acquired these information resources themselves.⁵ This narrative helps others recognize that money is not given to the library for the library itself, but that the financial resources allocated allow the library to turn its mission, vision, values, and plans into action for the good of the community.

As noted earlier, the Narrative Budget is meant to accompany the formal budget being presented. Kennedy recommends:

1. The narrative and numeric budgets need to be consistent and have the same totals.

2. Using percentages or a graph to show the proportion of resources the organization is putting into each major goal. The proportion for each goal should reflect its priority to the organization.
3. Apply the Narrative Budget everywhere you use the financial budget: at budget meetings, in the annual report, in meetings with staff and volunteers, and in conversations with prospective donors.⁶

Adapting a Narrative Budget framework is a different approach to financial reporting than might be found in the commercial sector. When building a Narrative Budget, remember the power of language. Choose words that better fit the mission of the library as opposed to the shareholders report of a corporation. Use images that inspire and encourage. At the completion of reading your Narrative Budget, a person not familiar with your library ought to be able to understand your mission and see your clarity of purpose as a living and vital part of your community.⁷

With these general guidelines in mind, the next section explores how to take a Line-Item Budget and translate those numbers into a Narrative Budget framework. From there, budget stories can be applied and shared.

Putting Narrative Budgets to Work: How to Tell Your Story

UCC offers a multi-step outline for developing a Narrative Budget which is easily adapted to libraries. Here, we will work through those steps and provide a concrete example of how this exercise could look in completion using Montana State University (MSU) as an example.⁸

Step One:

Identify individuals to participate in the Narrative Budgeting exercise. This group should include broad representation of people who are intimately familiar with the budget, employees who carry out various parts of the mission of the library, library communications personnel, members of the library board, and fundraising personnel.

Step Two:

Assemble this group of people. Provide them with copies of the budget along with some blank space next to each of the budget lines. Also, provide copies of the library's mission statement (and, if desired, any other parts of your S&P - values statement, vision statement, strategic plan). Discuss and decide upon the main categories (e.g. spaces, services, information resources, research) of what your library provides using elements of your S&P for guidance and inspiration. Write the names of each of these categories at the top of the blank columns in your budget.

For context in this example, the MSU Library mission statement is: “We support and advance teaching, learning, and research for Montana State University and the people of Montana by providing access to information and knowledge.”⁹

Step Three:

Assign an estimated dollar amount for every line item in the budget to the categories identified. These, totaled, should equal the amount allocated in the line item. An example of such a budget spreadsheet is included here:

Budget FY20						
418001 - Library						
Report as of 07/01/2019						
Account	Account Description	FY20 Budget	Services	Spaces	Resources	Research
Personnel Services		\$ 3,011,295	\$ 1,310,000	\$ 500,000	\$ 1,201,295	
Contracted Services		\$ 120,500	\$ 60,500		\$ 60,000	
Supplies		\$ 2,000	\$ 500	\$ 1,000	\$ 500	
Communications		\$ 16,600	\$ 9,600	\$ 5,000	\$ 2,000	
Travel		\$ 26,000	\$ 5,000			\$ 21,000
Rent/Storage		\$ 4,300			\$ 4,300	
Maintenance		\$ 21,202	\$ 2,500	\$ 17,202	\$ 1,500	
Other Expenses		\$ 15,776	\$ 5,000	\$ 5,000	\$ 5,776	
Collections		\$ 5,565,530			\$ 5,565,530	
Software Subscriptions		\$ 15,000	\$ 5,000	\$ 1,000	\$ 9,000	
Computer Supplies		\$ 673,280	\$ 200,000	\$ 273,280	\$ 200,000	
Total Operations for 418001		\$ 9,471,483	\$ 1,598,100	\$ 802,482	\$ 7,049,901	\$ 21,000

Figure 1: Example Spreadsheet to Create Narrative Budget

Step Four:

Together, list some examples of what happens within these funded categories. It may be helpful to contact people working in those areas for specific examples and impressions of the reach of that work. For example:

Access to Information Resources: \$7,049,901

- Electronic resources from external providers: 120 databases, 14,000 e-journals, 5,000 e-books
- Physical resources: 700,000 books, 3,000 DVDs, 2,000 audio CDs, 6,000 musical scores
- Archival resources: 34,000 volumes and 1,200 linear feet
- Digital collections of MSU produced or owned materials: 40+ digital collections. ScholarWorks institutional repository

- Technologies for checkout: Laptops, iPads, Virtual Reality, Sound Equipment, Cameras and Projectors, Adapters and Plugs, Office Supplies
- Personnel providing support for this access

Step Five:

Write a narrative description to accompany the categories and subcategories you have identified. For example:

The Montana State University Library provides access to a variety of information resources in support of inquiry and innovation by the MSU community. By providing central access to information from commercial publishers, we save students, faculty, and staff thousands of dollars if they were purchased by individuals instead of the Library. The average cost for an article acquired by the library is \$12.88 versus the average cost for pay-on-demand articles for individuals at \$35, resulting in millions in dollars saved by the MSU community and greater access to high-quality information. Our locally-produced digital collections provide worldwide access to areas such as Montana History, MSU artifacts like yearbooks and photographs, snow science research, natural sounds of the American West, and the papers of regional authors. Technology resources for checkout allow MSU students and faculty to explore, create, and learn with the latest electronic tools. Our library personnel work diligently to identify all of these resources that best support the teaching, learning, and research of the MSU community. We negotiate for the best prices possible and make access to these resources easy.

In this example, note the use of language from MSU Library's mission and vision statements (see <https://www.lib.montana.edu/about/mission-vision/index.html>) such as "access to information resources," "teaching and learning" and "innovation and inquiry."¹⁰ Again, the point here is to use the language your library has already identified and to reinforce those ideals through examples of that work in action so your community understands what you are trying to accomplish, how you accomplish it, and why it should be supported.

Step Six:

Provide specific stories of the impact of these areas. For example, "A faculty member and postdoctoral researcher needed full-text access to information from a set of regional newspapers to do text mining for concepts in support of their research. The MSU Library worked with several publishing vendors to negotiate pricing and ultimately secured access to the needed newspapers for the researchers. Without the library's support, these researchers would not have been able to afford this access on their own. The preliminary analysis they were able to conduct on these newspapers helped them secure a 4.2 million dollar grant from the National Science Foundation to continue this research and to hire several undergraduate students to participate in the project."

Further Discussion

This article highlights the importance of having a budget communication plan which is informed by the statements and plans (S&P) created by your organization and can communicate the library's purpose and intention beyond the raw budget numbers. This article builds on the first in the series which outlined the development of your S&P and how they inform the general communication plan and the second article in the series which explored how to apply your S&P to a social media plan.¹¹ The next article in this brief series will look towards forming a search engine optimization strategy which aligns with your overall communication plan. All of these plans go beyond traditional communications and incorporate your S&P language into other areas of communication which reflect the work and values of the library. If there are additional areas you would like me to cover in future articles, please contact me at email (doralyn@montana.edu) or twitter (@doralyn). Happy communicating!

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Doralyn Rossmann (doralyn@montana.edu) is Head of Digital Library Initiatives at Montana State University

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