

BUDGETING FOR GROWTH - THE COMMITTEE AT WORK

JOB DESCRIPTION: BUDGET COMMITTEE CHAIR

OBJECTIVES: To prepare and present an annual budget for the League.

RESPONSIBILITIES:

1. Chair the budget committee.
2. Request budget suggestions and projections from board members.
3. With the assistance of the committee, prepare proposed budget for submission to the board. See that the proposed budget reflects the League's priorities, programs and goals.
4. Present the proposed budget to the board and consider changes recommended by the board.
5. Present the proposed budget to the membership through the bulletin in compliance with deadline imposed by the bylaws.
6. Present the budget to the annual meeting. Revise the budget as directed and send budget as adopted to the treasurer.

A good budget should be regarded as one of the most effective tools a local League possesses. Properly conceived and skillfully administered, a budget is a versatile instrument which can be used productively in many aspects of a League's activities.

A budget is a plan for your League's activities during the next fiscal year. It should:

- establish priorities
- establish objectives
- serve as a guide to the board

The budget committee plays a key role in providing for the health and growth of a League; the selection and preparation of its members merit careful attention by the board. A board will be helped in carrying out its responsibility if it thinks of the committee as a planning group who will:

- evaluate the effectiveness of the League in the community,
- gather and sift fresh ideas for improving League effectiveness,
- produce a forward-looking budget plan for bringing the League closer to its goal of building a stronger League and a better community.

RECOMMENDED PROCEDURES

COMPOSITION OF THE BUDGET COMMITTEE

The budget committee usually includes the president ex officio, the treasurer, the finance chair, and several others, some of whom should be non-board members. Check local League bylaws to see what direction is given about the committee's composition and its duties.

The Chair

The chair coordinates the work of the committee. She/he presents the proposed budget to the board and the board-recommended budget to the membership for approval at the annual meeting. The chair should do the following:

1. Determine the committee's timetable.
2. Obtain the minutes of all League board meetings for the past year to become familiar with the matters discussed which impact on the budget.
3. Compile short and long range planning ideas from board and membership.

4. Provide each committee member with copies of the local League bylaws and current budget updated with the figures for the actual income received and expenditures incurred to the date of the first committee meeting.
5. Obtain an accurate count of the League's single and household memberships as of February 1 so that the budget will properly reflect the county, state and national per member payments due.
6. Using membership figures, determine the correct number of delegates which your league is entitled to send to state or national convention as to properly budget for their attendance.

The Treasurer - ex officio

An essential member of the budget committee, the treasurer is the person most knowledgeable about the League's financial data and the most able to provide budget estimates.

The President - ex officio

The president knows most about the current activities of the organization, sees the total League picture and has information about the direction and capabilities of the local league.

The Finance Director

As the person most involved with raising money from the community, the finance director is an invaluable asset to the group.

Other Members

To gain a broad cross section of membership ideas, choose a new member as well as some of your past members to serve on the committee. A new member can offer fresh eye to the way things have been done.

A CALENDAR FOR THE BUDGET COMMITTEE

As soon as possible after the annual meeting, the board appoints a budget chair and committee.

Winter

- Committee meets to establish priorities and objectives based upon the input obtained from League members and the board. Cost estimates for priorities and objectives are developed.
- Proposed budget is completed and presented to the board.
- Board approves or revises proposed budget.

Spring (consult local League bylaws for the time requirements)

- Recommended budget and message are printed in bulletin.
- Chair presents budget at the annual meeting.
- Membership adopts budget as presented or amended.
- Adopted budget is printed in bulletin or member handbook. Copies are sent to state and national Leagues.

THE BUDGET COMMITTEE BEGINS ITS WORK

The first task of the budget committee is to discuss with members and leader their thoughts and ideas regarding what the League should be doing and in what areas it needs and wants to grow.

Ask members what their hopes and aspirations are for the League:

- to mail voters guides to every citizen?
- to improve communications with the community?
- to become a strong political force in the community.

Ask leaders to discuss certain philosophical considerations:

- does your League have the ability to raise necessary income to realize their hopes and aspirations?
- what proportion of your budget should be covered by dues income?

- did you consider that human resources spent on fund raising are human resources that may not be spent on League program?

Ask leaders how they perceive the League's potential and opportunities for maintaining or growing and expanding services:

- does the current budget provide enough money to effectively carry out your portfolio plans for the year?
- if not, what plans will be left unrealized?
- what would you like to see accomplished in your field next year?

The information gathered from listening to members and leaders can provide a basis for discussion regarding the directions the League should pursue.

THE QUALITIES OF A GOOD BUDGET

- Imaginative* - A good budget converts creative ideas into realities by translating them into costs and then incorporating these costs into the budget.
- Comprehensive* - A good budget accurately reflects every facet of League activity.
- Realistic* - A good budget accurately reflects all anticipated expenditures and accurately reflects the ability to raise the income needed to finance the League.
- Flexible* - A good budget is specific enough to help the boards planning and general enough to allow for unexpected expenditures and changing needs.

THE BUDGET DOCUMENT

First prepare a working budget draft as follows:

1. Plan the work to be done and then consider how to raise the money.
2. Remember that a vital part of the League's work is to send its full complement of delegates to conventions. This provides future leadership and continuity. If you don't budget for it, it won't happen.
3. Prepare a gross budget which accurately portrays League's work to the members and to the public. ALL income and ALL expenditures should be included.
4. Don't be constrained by the local League budget form. Add or delete categories to suit particular needs.
5. Instead of footnoting comments at the end of the budget, include this information in a column at the extreme right. The comments will then appear on the same line as the budget item. Making the budget document easier to read and understand.
6. Prepare a short budget message which succinctly states the League's fiscal philosophy and the budget committee's objectives. Changes in format, focus, new projects and other matters which merit attention should be mentioned. From this message the members will understand the League's priorities and objectives.

When you have completed creating the budget draft, analyze it, answering the following questions:

1. How do the budgeted amounts relate to the priorities identified by the board?
2. What percent of the budget is spent on service to the community? How does this amount compare with the amount spent on internal needs--administration and delegate expenses? --on activities?
3. Has the League budgeted to send delegates to League conventions/councils, and other state training?
4. Should the budget provide reimbursement for expenses of members doing League business?
5. Has the League budgeted for inflation?
6. Does the budget address your League's weaknesses; e.g., member recruitment, local program and/or action, finance?
7. Do local League dues cover financial support for all levels of League?
8. Should bulletin costs be offset by income from ads or by dues?
9. Does money raised in the community (non-member contributions, publications, sales, fund-raising activities) cover services rendered to the community.

10. How much does this League hold in its reserve fund (interest-bearing account)? Recommended reserves are one-fourth of the annual budget, unless you have large fixed expenses for an office, in which case reserves equal to 50% of the budget would be more appropriate.

When the committee has completed the budget proposal, the budget is presented to the board for suggested changes and approval. The board approved budget proposal is then sent to the membership through the bulletin (see bylaws for time requirements) in preparation for the annual meeting where the budget for the next fiscal year will be adopted.

RESOURCES

- *League Basics (In League)* (LWVUS): An essential tool for League leaders. <http://www.lwv.org/AM/Template.cfm>
Fiscal and Compliance FAQ:
<http://www.lwv.org/AM/Template.cfm?Section=Treasurer&Template=/TaggedPage/TaggedPageDisplay.cfm&TPLID=86&ContentID=9525>
- *Money Matters-Financial Management*
<http://www.lwv.org/AM/Template.cfm>
- *Money Matters-Using Your Education Funds*
<http://www.lwv.org/AM/Template.cfm>
- *PMP-What Does it Go For?*
<http://www.lwv.org/AM/Template.cfm>