



HERBERT ROSENTHAL
Co-Director
Rutgers Community Action
Rutgers College
New Brunswick, N.J.

A BUDGET IS "a statement of the proposed expenditures for a fixed period or for a specific project or program and the proposed means of financing the expenditures."¹ An *annual* budget is a schedule that forecasts the amount of money needed to operate an organization for one year and the sources from which that money will come.

An annual budget is considered to be a short-term budget. In contrast, a long-term budget forecasts revenues and expenditures for a longer period, usually five years. The turnover of student volunteer leaders and the change in projects and policies make long-range budgeting impractical for most campus programs, but a short-term budget is essential for organizational planning, administration, and management.

Budgets come in two versions—the "asking" budget and the "operating" budget. Hopefully, they are not too far apart. The "asking" budget is the schedule that itemizes the amounts needed for the upcoming year and the sources from which they might come. This "asking" budget is presented to the various funding sources, such as the university, the student government association, private foundations, and community groups. These funding sources review the budget, adjust their own contribution as necessary, and then authorize allocation of funds to the volunteer organization. The funds actually authorized become the "operating" budget, which is usually smaller than the "asking" budget. The operating budget is the actual financial plan under which the student volunteer organization must operate during the year.

Importance of the Budget

Preparing the budget requires planning for the coming year. The process of preparing the budget stimulates discussion about the organization's goals, proposed new programs and how they fit in with

¹ Clarence Scheps and E. E. Davidson, *Accounting for Colleges and Universities*, (Baton Rouge, La., 1970), p. 87.

those goals, and the different ways in which goals can be accomplished with available funds. The process of preparing the budget helps you to consider alternative action plans and to rank them prior to selecting the one you think is the best.

Another function of the budget-making process is to identify, in advance, every area in which operational expenses will be incurred. Failure to include a necessary expenditure will invariably have serious results. For example, if you forget to include the cost of the telephone in your asking budget, you will have to transfer funds from other areas of the operating budget to pay for it. Of course, you can do without a telephone! But either course of action will affect your organization's services. The best solution is to be sure every operating cost is included in your budget.

An important incidental benefit of budget preparation is the building of staff cohesiveness and cooperation. Calling upon your project directors for input in forecasting expenditures insures their understanding of organizational priorities. This has been labeled a "behavioral implication" of budget-building but, whatever you choose to call it, it is an important aspect of planning and management. In no instance should a budget prepared by a single individual be imposed on an organization as a whole.

Usually the transition from old to new project leader occurs during the budget-making period. One of the best methods of orienting a new director is through preparation of the budget, which should include both the outgoing and the incoming directors. After administering a project for a year, the outgoing director is aware of the problems and has acquired valuable insights that should be shared.

Every year, as your organization grows, the asking budget seems to increase and you must search for additional sources of income. This, too, should be a joint undertaking.

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PRE-PLANNING ANALYSIS FORM

PROJECT Senior Citizens
PROJECT CHAIRMAN Jeff Kuschner
TELEPHONE 828-0457

DATE 3/12/75

PROJECT OBJECTIVES FOR YEAR:

Senior Citizens has been providing bus trips, movies, entertainment, and shopping trips for the home. We want to continue these activities and serve a larger number of persons.

We have found that there is a real need for informational programs for the elderly in the community, and we would like to sponsor programs with good speakers.

We have also found that there is a need for a small informational library for the elderly. We would like to provide the reading material.

ANALYSIS OF NEEDS:

The cost for buses for our fall and spring trips has gone up from \$225 to \$240. Also, the cost of the lunches has gone up because of rising food costs (\$150 to \$160).

We estimate that fees, food, and transportation for speakers for our informational program would come to about \$150.

Reading materials for a small library (50 books and pamphlets) would cost about \$175.

We do not anticipate any major change in the per person cost for the movies, singers, and shopping trips for the nursing home, but we have been serving 45 persons and the number has now gone up to 50. This means we will need \$350 instead of last year's \$315.

PRIORITIES:

1. Maintain Current Community Program (Bus Trips)
2. Maintain Nursing Home Program
3. Institute Informational Program
4. Start Small Library

BUDGET FORM

PROJECT Senior Citizens Project
PROJECT CHAIRMAN Jeff Kuschner
TELEPHONE 828-0457

DATE 3/12/75

Part I

Total funds requested from college organization for 1975-76 \$ 700.00

In addition to funds requested from college, list other possible sources of income for the upcoming year 75-76

Source

- | | |
|--------------------------------|-----------|
| 1. Johnson and Jefferson, Inc. | \$ 200.00 |
| 2. Grant from city | \$ 200.00 |
| Total outside sources of funds | \$ 400.00 |

Part II

List all expenses that are projected for 1975-76

Community Programs	1. Two trips - fall and spring	
	a. Bus-\$240.00	
	b. Lunch-\$160.00	\$ 400.00
	2. Guest speakers	
	Transportation, fees, food	\$ 150.00
	3. Library - reading material	
	concerning senior citizens	\$ 175.00
Nursing Home	1. Social - Recreation	
	Movies, singers, shopping trips	\$ 350.00
	2. Miscellaneous	\$ 25.00
	Total projected expenditures	\$1100.00

With the help of students, administrators, and faculty, all possible sources of income should be explored, both within the university and outside. Do not underestimate this task in terms of time and effort involved, and remember that the more people who help you, the greater the benefit to your organization and projects.

Preparing the Budget

The first step in preparing the budget is to determine objectives, both for the organization as a whole and for individual projects. NSVP has a manual, *Planning by Objectives*, which outlines some useful procedures for this purpose. You can use it to plan the direction of your total volunteer effort or to set new directions for any single part of the total effort, such as fund-raising, publicity, or recruiting.

After the general program objectives have been identified, a pre-planning analysis form is given to each project director. A sample form is illustrated. Note that it calls for (1) a statement of project objectives for the year, (2) an analysis of needs, and (3) a determination of priorities. A budget form is also illustrated.

Accompanying the pre-planning analysis form and the budget form is a covering letter from the volunteer program director. The covering letter tells about preparing the forms, states deadlines for submission, and outlines briefly the purpose of the budget.

These forms make it possible for all the student project directors to express their goals in writing. It also is a means of communication between project directors and budget-makers. It helps you to become aware of difficulties in a particular project of which you may not have been aware. Identification of individual project objectives is then the first step in the process of preparing a budget.

Next your project directors should analyze what is needed to achieve their objectives. For example, sup-

pose it has been determined that there is a need for a more intensive informational program for senior citizens in the community. Your Senior Citizens Project would like to meet that need. That is its goal. The related analysis of needs shows that more funds must be found to pay for additional speakers fees and transportation. There should be an explanation for the dollars needed to achieve each identified goal.

Finally, your project directors must determine their priorities.

When many goals exist it may be financially impossible to achieve them all during the course of a single academic year. Some goals must wait until next year. By making their own priority lists, your project directors will appreciate the reasons why some of their low priority needs cannot be included in this year's budget.

Budget Form

The next step is for each project director to fill out a budget form.

RUTGERS COMMUNITY ACTION

Expenditures	Operating Budget 73-74	Actual Expenses 73-74	Asking Budget 74-75
Operational			
Handbook	\$ 1000.00	\$ 1217.00	\$ 2000.00
Training Handbook	—	—	350.00
Publicity	1500.00	608.00	1400.00
Telephone	100.00	150.00	400.00
Stamps	50.00	61.70	150.00
Office Supplies	225.00	315.00	600.00
Pickle (newsletter)	—	75.00	125.00
Refreshments-food			
Volunteer meetings	—	50.00	125.00
Staff meetings	100.00	102.00	250.00
Banquet	—	—	100.00
Training			
Leadership Training	500.00	512.98	950.00
Volunteer Training	—	100.00	400.00
Programming			
Major Trips	1500.00	1745.00	3000.00
Movie Carnival	150.00	130.00	225.00
Bowling	400.00	399.80	768.00
Carnival	100.00	115.00	250.00
Christmas Party	250.00	283.00	400.00
Volunteer Happenings	400.00	436.00	750.00
Minor Trips	—	250.00	800.00
Community Night	—	—	600.00
Transportation			
Gas (cars and van)	1765.00	1795.00	3000.00
Insurance (van)	—	—	200.00
Maintenance (van)	—	—	400.00
Insurance (cars)	305.00	—	—
Conferences			
Registration	—	—	25.00
Lodging	—	—	50.00
Transportation	—	—	150.00
Food	—	—	60.00
Projects			
Arbor	150.00	150.00	400.00
Bayard	150.00	150.00	400.00
Center	150.00	150.00	350.00

There are two parts to be filled out, as seen in the illustration. The first section provides a listing of all possible sources from which the project may receive funds. The amount requested from the primary funding source, usually the university, should be on the top line. However, this is the last item to be filled in.

Projected Income

First, record amounts from all outside sources of funds. Projected

income from special contributions, grants, or from fund-raising activities should be itemized. Next, the second section—projected expenditures—should be completed. Itemize each expense, including all the expenses that have been identified in the pre-planning analysis. Finally, to determine the amount to be requested from the primary funding source, subtract the total of outside sources of income from the total projected expenditures. If the amount to be requested from the

university is unrealistic, additional sources of income must be found, or some activities must be curtailed or eliminated completely.

Having received all the project requests, you will have to combine them and examine the total amounts with regard to feasibility of funding. It is in this area that you will have to make the hardest decisions. Give full consideration to the pre-planning analysis and the budgets submitted by the various project directors when you draw up the asking budget for the entire organization.

BUDGET 1974-1975

Expenditures	Operating Budget 73-74	Actual Expenses 73-74	Asking Budget 74-75
Projects			
Dayton Deans	340.00	250.00	500.00
Hamilton	150.00	103.61	350.00
Headstart	300.00	286.42	450.00
Jamesburg	150.00	150.00	400.00
Lafayette	150.00	150.00	350.00
Livingston	150.00	150.00	400.00
Lincoln	150.00	150.00	300.00
Multiple Sclerosis	150.00	140.00	125.00
REC Center	200.00	190.00	300.00
Neuro-Psychiatric	150.00	100.00	150.00
Old Age Program	300.00	300.00	500.00
Nursing Home	—	100.00	500.00
Project HELP	300.00	300.00	450.00
Rahway	100.00	100.00	200.00
Bordentown	—	—	200.00
Recess Center	1700.00	1600.00	1700.00
Roosevelt	150.00	150.00	400.00
Marlboro	—	—	100.00
Staff	150.00	150.00	350.00
St. Peter's Hospital	150.00	150.00	250.00
Swim Program	200.00	195.00	450.00
Trenton	150.00	150.00	225.00
Washington	150.00	194.00	400.00
Environmental	—	40.00	60.00
New Projects			
RCA Film	—	—	200.00
Wilkes-Barre	—	—	150.00
Miscellaneous			
Secretary	—	1500.00	2000.00
Lawyer	—	50.00	75.00
Summer jobs	—	—	2000.00
Van	4000.00	4000.00	4000.00
Total	17035.00	19444.51	36213.00

In the "Actual Expenses 73-74" column, some projects spent more than budgeted and some less. In total, \$4,057.29 left over from 72-73 had to be used. (See Statement of Income)

Arriving at Project Needs

Pleasing everyone is usually impossible, but a good administrator will be able to justify his decisions in arriving at each project's needs. Analyzing the effectiveness of each project and constantly keeping the objectives in mind for both the individual project and the whole organization will help you in the decision-making process. Be generous in your decisions. The worst that could happen is that the funding source will not appropriate the full amount in your asking budget. The director's main purpose in having decision-making responsibility is to screen project budgets for unrealistic requests.

To insure overall satisfaction, be sure to inform all directors ahead of time of the criteria to be used in establishing your project's organizational priorities.

After review and final determination of project requests, you can draw up an asking budget. The example shown is a budget submitted last year for Rutgers Community Action, a medium-sized campus volunteer organization. This organization has all its projects originating and operating from one office. This means that individual projects did not have to include requests for office supplies, publicity, or any other such expenditures. Instead, these operational expenditures were estimated for the organization as a whole. If each project

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had operated out of a separate office, the individual project budgets submitted would have had to include line items for telephone, stamps, publicity, etc.

Even with a central volunteer organization, a few projects may need to include line items for a specific operational expenditure. For instance, separate and additional funds may have to be budgeted for publicity for a particular project. However, the budget should show whether the overall amount for publicity is to be used for the entire organization or expended by the projects individually. The Rutgers Community Action budget uses the publicity account for organizational publicity *and* for individual project publicity.

Line Items

The line items in the illustrated budget provide a good guide to the kinds of expenses likely to be incurred in the operation of a student volunteer organization. They also illustrate the format in which the budget should be presented in an easily understood fashion.

In addition to projected expenditures and sources of income, most funding sources request an indication of the actual expenditures for the preceding year. Accurate accounting throughout the year is needed to document these figures. The sample budget shows how to present them.

Note that two of the items on the Rutgers sample budget are for new projects. Budget figures for new projects cannot be based on past expenditures, and new funds must be found. These new funds can only come from these sources:

1. Money that comes available as a result of the closing out of an old project
2. Additional funds from new or regular funding sources
3. A redistribution of funds among all projects to provide for the new ones.

No matter which method (or combination of methods) is used to

Statement of Income Rutgers Community Action 1973-1974

Sources of Income

Rutgers College Student Government Assoc. (designated)*	\$11635.00
Douglass College Government Assoc.	500.00
Cook College	86.00
Metuchen Rotary Club	50.00
Kiwanis Club—Somerville	50.00
Urban Works Committee—New Brunswick (designated)	1400.00
Women's League of Rutgers (designated)	100.00
Parents' Assoc. of Rutgers College (designated)	500.00
Flea Market Sale	90.79
Contributions	949.50
ZBT Dance Marathon Prize	175.00
	\$15536.29
Total Income for 1973-74	\$15536.29

Total Income 73-74

Undesignated funds brought forward 72-73	3657.29
Designated funds brought forward 72-73	400.00
	19593.56
Total funds available 73-74	19593.56
Actual expenditures for 73-74	19444.51
	\$ 149.05
Anticipated carry-over for 74-75 (designated and undesignated)	

**Some funding sources stipulate how their funds must be used. These are called "designated" funds. Income from contributions or fund-raising activities is called "undesignated" when there are no restrictions about how it can be spent.*

finance new projects, hard decisions will have to be made. Will the new projects help your organization to meet its goals better than some others now operating? How much new money can be raised? How much money can other projects afford to share?

Anyone proposing a new project must complete a pre-planning analysis form and a budget form, at a minimum. Then you can consider the new project in the context of the total program before you prepare the asking budget.

Colleges with small volunteer programs do not require complex procedures. College volunteer programs that serve primarily as clearing houses match students to agencies in the surrounding communities. Once a service area is chosen, the clearing house organization will help introduce the volunteer to the coordinator in the agency in which he wishes to serve.

In these instances, a budget projecting the costs of providing this

placement service comprises most of the asking budget. If you review the expenditures itemized in the sample budget, you will see the kinds of expenses that a small program will incur. You can use a budget format similar to the one illustrated, but there will be fewer line items.

Presentation of the Budget

One of the most important aspects of the budget process is the presentation of the asking budget to the various funding sources. Appearing before a funding source with a well organized and intelligible budget will go for little if you have not taken time to anticipate questions that the funding source will ask.

A competent person who had a major role in the budgetary process should be designated as the spokesperson. The spokesperson's most important task is to justify services provided by the organization. He must be able to answer the ques-

tion, "Why are we doing this?" Your organization's statement of purpose provides an excellent point of departure.

Most funding sources react favorably to persuasive statistics. The spokesperson must be able to demonstrate, with figures, the effectiveness of your organization. Make the source aware of the impact your organization has on the community. Be specific about how many people your organization serves and the total number of volunteer man-hours. Insofar as possible, show the cost of the services provided and the value of the benefits derived from these services.

Explain to your funding source how the figures in the asking budget have been arrived at. Prepare index cards showing computations of the individual budgeted amounts. As an example, the office supplies index card might include:

Stencils — 10 quires		
@ \$6.25	\$62.50	
Paper — 100 reams		
@ \$2.00	\$200.00	
Markers — 10 assorted	\$3.00	
Total		\$265.50

Use your pre-planning analysis forms and budget requests from individual projects to support figures in the asking budget. The ability to support with facts and figures all areas of the budget will have a direct effect on the amount of funds that are granted.

Accountability

Hopefully, the funds you request will be granted. Now the budget process becomes one of managing those funds throughout the year.

Set up a good bookkeeping and accounting system (see "Accounting for Student Volunteer Groups," *Synergist*, Winter, 1974) to facilitate responsible and accurate analysis and reporting.

The person having control over the disbursement of funds, usually the treasurer or program director,

must be aware of regulations, restrictions, or limitations imposed on the use of the funds received. Many times funds are designated for specific activities and cannot be used for any other purpose. For example, university funds may have guidelines that do not allow them to be spent for alcoholic beverages or salaries paid to a member of the volunteer organization. Legal provisions that control financial operations include constitutions, by-laws, and charters. Be aware of those that may relate to your organization.

Interim Reporting

Whether your organization operates on a nine-month or a 12-month basis, you will need to prepare interim reports. Interim reports can be compared to quarterly reports of a business organization. Preparing and distributing two or three interim reports throughout the year is part of the treasurer's or the director's responsibility.

An interim report should show actual expenditures for the organization at the date of the report. All

figures can be obtained from the ledger book, for which the treasurer or the director has responsibility.

The operating budget is shown along side the actual expenditures. This enables the project director to determine the amounts of unexpended funds remaining for his or her project (see the sample interim report for Rutgers Community Action). An interim report gives your project director an opportunity to appraise the financial position of his or her particular project. It indicates what programs or operations are in financial trouble. Then you can take corrective action before it is too late.

Another important function of interim reports is to show university officials that your organization is fiscally healthy and responsible. Your sponsors will read your interim reports as closely as your project directors do.

For the student volunteer organization the budgetary process, if properly structured, can translate realistic organizational goals into feasible financial terms.

Rutgers Community Action Interim Report 12/31/74

	Spent as of 12/31/74	Total amount allocated 74-75
Operational		
Handbook	\$1217.00	\$1000.00
Publicity	300.75	500.00
Telephone	75.00	100.00
Stamps	21.00	50.00
Office Supplies	200.00	225.00
Programming		
Bowling	120.00	400.00
Carnival	115.00	100.00
Christmas Party	283.00	250.00
Volunteer Happenings	436.00	400.00
Projects		
Arbor	53.20	150.00
Bayard	126.00	150.00
Jamesburg	150.00	150.00
Rahway	—	150.00
Project HELP	139.05	300.00

Note: This report has been shortened. Normally all items in the operating budget are shown.