



Chapter Two

The Budget

As a first-time programmer, you might not have a clue about where to start when drafting a programming budget. On the other hand, you may be embarking on a term of office in a position where the budget was established by last year's program board members, and you will be responsible for producing your events within this established budget. In either case, you will need to understand the basics of budgeting, as well as how to translate these figures into a spending plan for each event your board plans to host.

As a student leader responsible for managing and spending student activity monies, you are charged with a significant responsibility. Carrying out this responsibility entails planning how to wisely spend these funds and then later properly accounting for the board's expenditures. To help you in this very important task, we will discuss the basics of creating a budget for a single event and then apply this knowledge toward creating a year-long, programming board budget. Later in the chapter, we will cover the basic principles of financial management, along with advice for how to financially recover if you overspend your budget. First, however, let's begin by preparing a budget request for a single event.

Making a Budget Request for an Event

To get funding for a proposed event, you will need to submit a written request to the committee or organization on your campus responsible for distributing student activity programming funds. This budget request is a detailed listing of projected income, if any, and projected expenses for the event. Before you submit a budget request, check with your advisor about school or programming board guidelines that affect how requests are to be made.

Your organization bears the responsibility for making a formal request. The format of this request will vary from school to school but a typical form is shown in Example 2.1. Before you make a formal request, all potential costs should have been researched, including

- the entertainer's fee and possible taxes
- rental expense for the location of the program
- additional fees for security personnel
- cost of tickets
- supplies and decorations
- potential advertising and printing expenses
- food or catering expenses, for example.

If you need help estimating the costs for a proposed event, turn to your advisor or to the budget committee itself. Often they will be able to provide you with historical cost information, which will help ensure you consider all possible expenses while you are estimating costs for your proposed event. A listing of estimated income and expenses for a Drive-In Student Leadership Conference that a typical programming board might host is shown in Example 2.2.

After considering your organization's budget request, the budget committee will either grant, amend, or deny the request based upon your school's policies. Should your request be denied, request feedback from the committee explaining the reason for the denial. Based upon this information, consult with your advisor to see if you can alter your proposal to comply with budget restraints or school funding policies. Advance planning is essential if there is to be enough time for you to modify your funding request or research cost-effective alternatives, should this be necessary.

Annual Budget Basics— Getting Started

If your school is like most, your budget committee may require that you submit all your proposed funding requests at one time each year, or once each semester. To do this, you will need to have completed a Budget Request/Event Proposal Form for each event or event series your board wishes to fund for the upcoming semester or the upcoming programming year. While this process may seem daunting at first, it will be greatly simplified once you have completed all the individual event proposals.

After you have listed projected costs and income for each event, you will need to complete an Estimated Budget Funding Needs worksheet (See Example 2.5). To further help you determine the coming year's budget, review the amounts your programming board has currently budgeted for the costs of the events it is producing this year. Next, compare these amounts with what your board has actually spent. You can find the

current budget amounts on the Estimated Budget Funding Needs worksheet your board created last year. Please keep in mind your programming board's budget estimates for each program need to be as realistic as possible. To estimate your board's/committee's annual income, refer to Example 2.3; to estimate your annual projected expenses, refer to Example 2.5.

While every school may have a slightly different method for drafting the programming board's budget, most of the fundamental steps are common to virtually all organizations. Begin by listing all items within your annual budget allocation. The first items on your list should be those costs over which you have no control. Most of the time, these

Budget Request/Event Proposal Form					
Event Name: <i>Reggae Picnic/Earth Week Finale</i>					
Proposed Event Date: <i>Sept. 27, 2002</i>					
Today's Date: <i>April 12, 2002</i>					
Briefly describe proposed event below: <i>Sunday afternoon finale picnic for Earth Week activities. Food to be supplied by local area vendors and available for sale to attendees.</i>					
Goals/Intended Outcomes (Please reference appropriate organization mission(s) or goal(s) to be achieved.): <i>This event is primarily for entertainment purposes, but the selection of a reggae band achieves two additional goals related to Earth Week: 1) It spotlights indigenous cultures, and 2) It will be used to highlight the environment-friendly practices of indigenous cultures through educational materials and displays to be set up at the perimeter of the picnic area. Educational materials and promotional items will be distributed by representatives from local environmental groups and state agencies, who will to be on hand to answer questions and talk to attendees.</i>					
Total Projected Income from Event (Itemize projected income sources below.)		\$1,500	Total Estimated Expenses (Itemize projected income sources below.)		\$4,000
	Projected Receipt Date			Date Needed	
<i>Ticket sales</i>	<i>9-27-02</i>	<i>\$1,500</i>	<i>Band</i>	<i>9-27-02</i>	<i>\$1,750</i>
_____	_____	\$ _____	<i>Airline tickets for band (4 x \$220)</i>	<i>8-1-02</i>	<i>\$880</i>
_____	_____	\$ _____	<i>Hospitality/food for band and local volunteers</i>	<i>9-27-02</i>	<i>\$230</i>
_____	_____	\$ _____	<i>Sound, lighting, and staging rental, setup, and technician fee</i>	<i>9-27-02</i>	<i>\$540</i>
			<i>Publicity and promo</i>	<i>9-1-02</i>	<i>\$50</i>
			<i>Tickets and general supplies</i>	<i>9-15-02</i>	<i>\$50</i>
COMPARE THE PROJECTED INCOME TO THE ESTIMATED EXPENSES. IF THE EXPENSES EXCEED INCOME, RECORD THE DIFFERENCE BELOW.					
ESTIMATED FUNDING REQUESTED		\$2,500			

Example 2.1: Budget Request/Event Proposal Form

TIP:

When filling out this budget request form, remember to relate the Goals/Intended Outcomes to your organization's mission and goals. This simple step could affect whether or not your organization receives funding for the proposed event, particularly if university budgets are tight.

costs are for pre-contracted events, board member/officer salaries or other administrative expenses. Expenditures over which your board can exercise control are discretionary expenses and can include proposed—but not contracted—activities, office supplies, long distance telephone calls and faxes, food for events, and film and film developing. To estimate your board's projected annual budget needs, refer to Example 2.5.

Basic Principles of Financial Management

Once you have drafted, submitted and received approval for your budget requests, you will need to understand the principles of ethical and responsible money management. Fiduciary responsibility is a legal concept that places a special responsibility on individuals entrusted with managing or spending other people's money. Your fiduciary responsibilities as a student programmer mean that you must:

- keep accurate records of how student programming money is spent
- turn in receipts or invoices for all expenditures
- establish and follow procedures to ensure that spending is made according to a written plan, i.e. a budget
- make spending decisions that are in the best interests of the student body

While these principles will probably seem to be common sense, they also make it necessary to have a certain amount of "red tape" to ensure student organization spending meets these criteria. Also, keep in mind that conscientiously following these financial policies will protect you as the spender of student programming funds should any of your purchasing decisions later be called into question.

What You Need to Save in Your Files

Fiduciary responsibility also requires that your board members save receipts for expenditures, save copies of cancelled checks, and make photocopies of school checks for large purchases, such as entertainers' fees. You will also need to save file copies of the approved budget requests, along with your notes regarding any significant deviations from the approved amounts. In addition, you will want to save correspondence to and from any vendors or agencies, and all bills submitted to your board, along with your notes explaining any significant deviation between the actual costs and the bids or estimates these vendors gave you. Check with your advisor regarding the length of time you need to keep these kinds of records.

Estimated Income and Expenses for Drive-In Leadership Conference			
(Note: If this were an actual budget request, you would enter these figures on your Budget Request/Event Proposal Form)			
If a program board held a Drive-In Student Leadership Conference on their campus during the summer, they may develop a budget like the following:			
Specifics about the Conference:			
<ul style="list-style-type: none"> • Delegates will have a one-night stay in the residence halls, organized through the campus conference office. • Four meals will be provided, with first meal being lunch the first day and the last meal being lunch the second day. • We will pay for three meals; one meal is being donated by the campus dining service. • Ten people from your campus will not pay for registration, but will participate and be included in meals and delegate material numbers. • The conference will last two days. 			
Money allocated for the Conference Budget			\$1,500
Expenses			
• Housing and Meals		\$3,360	
• Residence hall lodging, including linens (120 x \$12 per person)	\$1,440		
• Meals	\$1,920		
• Lunch (120 x \$5)	\$600		
• Dinner (120 x \$7)	\$840		
• Breakfast (120 x \$4)	\$480		
• Closing Lunch (donated by campus dining service)	\$-0-		
• Closing Lunch Keynote Speaker		\$630	
• Flight	\$220		
• Per diem	\$35		
• Honorarium	\$300		
• Hotel cost	\$75		
• Facility Rental		\$250	
• Five breakout rooms (\$25 a day x 2 days)	\$250		
• Audio/visual (no charge)	\$-0-		
• Printing			\$200
• Flyer to send to regional schools		\$50	
• Conference handouts		\$150	
• Postage			\$75
• Mailing of conference flyer (150 x \$0.33)		\$50	
• General postage		\$25	
• Supplies			\$320
• Folders (120 x \$0.50)		\$60	
• School pencils (120 x \$0.25)		\$30	
• General supplies		\$200	
• Badge holders		\$30	
• Telephone			\$ 50
• Midnight movie			\$400
• Equipment Rental (none)			\$-0-
Total Expenses			\$5,285
Money needed from paid registrations to augment money allocated for leadership conference			\$3,785
Per person cost (\$3,785/110 paying delegates = \$34.41)			
Registration fee to be charged (For conference costs to break even)			\$35

Example 2.2: Estimate of Income and Expenses for a Student Leadership Conference

Your organization's bylaws and your school's policies will determine how you can utilize student activities programming funds. For instance, should you be under budget with one or more of your programs, will your school's policies allow your organization to shift some or all of the excess to a different line item or program whose cost you anticipate will go over budget? Gaining approval for such a re-allocation mid-year may require that you provide strong supporting evidence to show that the program in question will suffer significantly if the additional funding isn't provided. Some schools will allow such budget flexibility; others won't. Whatever your school's policy is, you need to find out what the rules are and make sure you follow them. Otherwise you may jeopardize future funding, in addition to facing possible disciplinary action (Tierno, 1993, p. 46).

Projected Income for XYZ Programming Board For the period: Upcoming Programming Year	
Income from student fees paid to the school	\$44,530
Income from Ticket Sales/ Event Admission Charges	\$14,650
(List in detail below.)	
<u>Event Name</u>	<u>Projected Income</u>
Spring Fling-Picnic/Novelties	\$4,500
Drive-in Movie Night	\$800
Semester films series	\$2,500
Reggae Picnic Earth Day Finale	\$1,500
Drive-In Student Leadership Conference	\$5,350
_____	\$ _____
_____	\$ _____
Income from Donations/ In-Kind Contributions	\$500
(List any pledged, or annually recurring, donations in detail below.)	
<u>Contributor Name</u>	<u>Pledged Contribution/ In-Kind Donation</u>
Local Newspaper-Advertising	\$500
_____	\$ _____
TOTAL PROJECTED INCOME	\$59,680
(Enter this amount where indicated in Example 2.5.)	

Example 2.3: Estimating Projected Income

Access to Funds

Depending on your school's policies or your organization's bylaws, your treasurer or president, or both, may be the only individuals allowed to request or disperse funds. If this is the case at your school, then you have an excellent method to make sure all expenditures are accurately recorded. According to Glasgow (1997), when all executives have the ability to directly request funds from the school's accounting department, the situation is ripe for overspending. Glasgow recommends limiting access to the organization's funds and requiring that every expenditure be made out of an existing budget category. For example, reimburse board members for items such as supplies, copying, or telephone calls out of existing budget categories, not petty cash (p. 71).

Check Request	
Date: _____	
Name: _____	
Address: _____	
Purpose: _____	
Requested by: _____	Approved by: _____
Amount: _____	Date Paid: _____ Check OK'd: _____
Line Item #: _____	Check #: _____
—RETURN TO TREASURER—	

Example 2.4: Sample Check Request form

In addition, your programming board may wish to require the use of purchase orders, or a check request form (See Example 2.4), when reimbursing board members for out-of-pocket expenses. Usually, your treasurer will already use school purchase orders if the checks for your board's expenses are issued by the campus accounting office. Using the same forms for internal board reimbursements serves a "check and balance" function and can help reduce the likelihood that board members will abuse the trust instilled in them.

TIP:

In reviewing Example 2.5, you will note the form allows your programming board to project either a cash surplus or a cash shortage. In reality, your programming board will probably gain approval only for a budget that shows a near zero balance at the end of the programming year. While a very small cash surplus may be approved, a projected cash shortage will rarely be acceptable. However, you should also be aware that this kind of a cash shortage is an entirely different situation from that illustrated in Example 2.1, which shows a budget request for an individual program that is not projected to pay for itself. This situation is acceptable, because some programs are important enough to fulfilling your organization's mission and goal statements to justify sponsoring the event. Sometimes a money making program can help to defray the costs of a significant program whose expenses exceed projected income—check with your advisor regarding your school's financial rules to see if you balance your budget in this way.

Reporting of Expenditures

It is essential that your organization develop a simple practice of reporting expenditures to all board members on a weekly or bi-weekly basis (See Example 2.6). Glasgow recommends the following procedure, which he devised while serving on the programming board at the College of Charleston (SC):

At the beginning of each week, each executive member of our board receives an expenditure form. It includes the starting and ending dates for the week, as well as the name of each committee. Three columns are listed on the page—Amount Spent, Item or Service Purchased, and Method of Payment. Any member who doesn't spend any funds in any given week simply returns the form with zeroes listed in each column. If they do spend funds, they are expected to list the items and services, amounts, and methods of payment (check, purchase order, etc.). In any case, each executive member is required to turn in a sheet each week. Our treasurer (me!) takes the amounts from these forms and itemizes budget statements using a declining balance. When the money's gone, it's gone. After I complete this accounting process, I return statements to the board members showing them each the remaining balances for their committees (p. 72).

Coping with Overspending

It is the treasurer's job to monitor the organization's cash flow, in concert with the programming board's advisor. It is also the treasurer's job to keep the advisor informed of any proposed deviations from the approved budget. Even with the most careful monitoring, committees and programming boards sometimes overspend and run a deficit. When this happens, the entire programming board, in concert with the advisor, will need to be involved in finding a solution. First, all committees should make projections about how much of their remaining balances they will need during the rest of the programming year, along with suggestions for cutting costs where possible. If you project a budget surplus or foresee ways to economize on future pro-

Estimated Annual Budget Funding Needs for XYZ Board	
For the Period: Upcoming Programming Year	
Total PROJECTED INCOME for Budget/Programming Year \$ _____ <small>Enter total obtained from Example 2.3 above (Estimating Projected Income)</small>	
Fixed Expenses	Discretionary Expenses
Previously Contracted Events \$ _____ _____ \$ _____ _____ \$ _____ _____ \$ _____	<i>Continued</i> _____ \$ _____ _____ \$ _____ _____ \$ _____ _____ \$ _____
Board Member Salaries/ Office Personnel \$ _____ _____ \$ _____ _____ \$ _____ _____ \$ _____	Office Supplies \$ _____ Telephone Charges \$ _____ Photocopying \$ _____ Printing \$ _____ _____ \$ _____ _____ \$ _____ _____ \$ _____
Office Rental or Yearly School Administrative Fee \$ _____	Surveys \$ _____
Utilities: Basic \$ _____ Telephone Service, etc. _____	Evaluations \$ _____
Discretionary Expenses	Miscellaneous General \$ _____ Advertising, Marketing, Promotional Expenses NOT INCLUDED in Individual Event Proposals or Listed Above
Total for Proposed Events (Not-Contracted) \$ _____ <small>List each proposed event below (See Event Proposal Worksheet described below to estimate proposed event costs.)</small> _____ \$ _____ _____ \$ _____	
Total PROJECTED EXPENSES for Budget/Programming Year \$ _____ <small>Compare this amount to that entered at the top of this form as PROJECTED INCOME for Budget/Programming Year</small>	
RECORD THE DIFFERENCE BELOW	
Projected CASH SURPLUS for the Budget/Programming Year \$ _____ <small>Congratulations! You're on track and can now begin solidifying plans for your proposed events.</small>	
OR	
Projected CASH SHORTAGE for Budget/Programming Year \$ _____ WARNING: A projected cash shortage must be brought to your advisor's attention immediately. He or she can suggest ways to eliminate or reduce event costs, including possibly eliminating some events altogether.	

Example 2.5: Estimating Annual Budget Funding Needs

grams, this money can be re-appropriated to cover the debt. Depending on your school's policies, this might require approval from the student activities fee budget committee. Remember to look at your fixed expenses in the general budget categories such as supplies or long distance telephone costs, in addition to program specific items.

Taking a serious approach to preventing a budget deficit is extremely important. Your organization's ability to get future funding could well be in jeopardy if you end a year with a deficit. It should also be noted that your organization will probably have to repay any such indebtedness, regardless of the specific reasons for it.

Another way of coping with overspending may be to modify your programming calendar to focus on lower-cost programming alternatives. Steve Morgenweck (1999) recommends a number of low-cost programming ideas that programming boards can use in place of traditional high-cost options. Several of his suggestions are paraphrased below:

- Instead of bringing in an expensive band to perform a concert, host a student-featured "battle of the bands."
- Use student comedians as emcees for your student talent shows.
- Consider featuring campus faculty members with relevant expertise, or experience, to speak on current events. A good variation of this option is to consider putting together a faculty panel to address current events and their rel-

evance to the campus community. Also, consider bringing in faculty and staff experts from neighboring schools and states.

- Consider featuring professionals on staff from student service departments like health services, counseling centers, and career development offices.
- Bring in local-area professionals and community leaders to address topics pertinent to various academic departments on campus.
- Consider creating film programs that rely on older releases rather than the latest blockbuster films. This offers a wonderful opportunity to collaborate with faculty, as well, provided you can tie in your film choices to current course offerings.
- Don't overlook the potential interest in an arts and crafts workshop, or series of workshops. Lessons on making fabric photo albums, eucalyptus wreaths or old-fashioned holiday ornaments can have much greater appeal than you might initially believe.

Other examples of cost-cutting strategies you can employ to salvage a budget that is in danger of ending the year with a negative balance include:

- cancelling programs still in the planning stage but not yet contracted,
- deciding which events are most important to your organization's goals and mission, and
- eliminating those events deemed least relevant.

Sample Weekly Expenditures Report			
Committee Name: Lectures and Issues			
For Week Ending: Oct. 3, 2002			
Item or Service Purchased	Method of Payment/ Purchase Order #	Amount Spent	Item/Account Remaining Balance
<u>Shared Expense Accounts (all committees):</u>			
Artist Food/Hospitality* Ref: Guest Speaker #1	Check #13245 P.O. #52198	\$45.97	\$2,454.03
Photocopying	Cash P.O. #52224	\$25.38	\$424.62
<u>Committee Specific Accounts:</u>			
Lecture Fees: Guest Speaker #1*	Check #13246 P.O. #52201	\$1,350.00	\$12,450.00
Record any new expenditures that are not listed above in this space. Leave Remaining Balance blank, if unknown.			
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
Return Completed Form to Treasurer			
*These expenses should be tracked by referring to the individual Budget Request/Event Proposal Form related to this event.			

Example 2.6: Weekly Expenditures Report

TIP:

Saving copies of your Weekly Expenditures Report in a three-ring binder is an easy way to provide next year's board with detailed information about the specific purchases made during the previous year. If a notation is made referencing the program for which each purchase is being made, the next year's board members can consult this log to make sure they've properly estimated the costs associated with producing a recurring program or a similar, but new, program. In this way, the log can serve as a valuable tool in the creation of next year's budget.

Planning for the Proverbial Rainy Day

One of the most important things your program board can do, if it currently isn't doing so already, is to set aside reserve funds that equal approximately 5% of your organization's total budget. This emergency fund should be spent only with the consent of your treasurer or advisor, or both, and it is a good idea for other board members to not even know of the existence of these funds. Otherwise, it's much too easy to overspend if your board members know there is a "cushion" in the budget.

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Additional Reading