

THE 12% SOLUTION

Budgeting to meeting 12% Collection Expenditure

Budgeting to meet the 12% collection expenditure requirement can be frustrating when the library is very close to that amount or wants to budget exactly that amount. If you take 12% of total expenditures and put it into the collection expenditure lines, that makes total expenditures increase. Now you are not spending 12% and so on back and forth.

So how do you solve this issue? Below is the solution worked out by Ruth Myer, Warren Public Library Business Manager:

Suppose you have total expenditures of \$80,000. 12% of that is \$9,600 but when that number is added to the budget total, expenditures become \$89,600 and you are not spending 12%. So, do the following:

12% of \$9,600 = \$1,152—*Take 12% of the original collection expenditure calculation.*

12% of \$1,152 = \$138.24—*Keep multiplying the result by 12%.*

12% of \$138.24 = \$16.59

12% of \$16.59 = \$1.98

12% of \$1.98 = \$0.24—*Keep multiplying by 12% until the amount is under \$1.00.*

It will take 5 to 7 calculations to get under \$1.00.

Now, add the original collection expenditure calculation and all the results of multiplying by 12%.

\$9,600.00
1,152.00
138.24
16.59
1.98
<u>.24</u>

\$10,909.05 *should be your total collection expenditure.*

If you add \$80,000 and \$10,909, it equals \$90,909. 12% of \$90,909 is \$10,909.

This same process works no matter if the total budget is \$20,000 or \$200,000. Just remember that total collection expenditure includes books, periodical, DVDs, CDs, internet connect fee, electronic materials costs, and library supplies for collection maintenance. (Lines 150 thru 160 on the annual report.)