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Legislative Lobbying Library Resource Center: Operating Budget

James Gross, *Drexel University*
Legislative Lobbying (LLC)

Library Resource Center:

Operating Budget

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Drexel University

Professor Krasulski, INFO 640

2/23/09
Legislative Lobbying Library Resource Center: Program Budget

1a. Resource center goals
The following is a hypothetical budget assignment.
Legislative Library Information Center (LLIC) is an internal component of a private think-tank called Legislative Lobbying LLC. It is physically located in two locations: New York, NY and Washington, DC. ALIC provides access to information on state and federal legislation, archival administration, information management, and government documents to archives staff.

Mission statement:
LLIC, the Legislative Library Information Center, is an internal corporate information resource center. This resource center exists to provide company staff with ready access to contextual information. This information is necessary as it enables staff to analyze, review, and amend, governmental regulations and guidelines, as pertaining to pending legislative lobbying.
Goal #1
Provide corporate staff with answers to essential corporate, legislative, and policy information. Part of this service includes requested reference materials in the most economical and efficient methods.

Goal #2
Provide corporate staff with a weekly updated list of frequently asked questions (FAQ) regarding legislative procedures.

Goal #3
Provide timely corporate and policy updates to corporate employees via a weekly e-mailed electronic bulletin service.

See below table for “List of Major Services”

Table 1: List of Major Services

<table>
<thead>
<tr>
<th>GOALS</th>
<th>Library</th>
<th>Information</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Access to reference databases</td>
<td>Access to print &amp; media Materials</td>
<td>Reference &amp; Consultation services</td>
</tr>
<tr>
<td>1. Reference desk to handle staff inquiries and reference questions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Weekly updated list of answers (FAQ) regarding legislative procedures</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Provide timely employee updates via weekly email bulletin</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
1b. Direct costs of each program

Program #1

**Provide staff with answers to reference questions.**

This program refers to the LLIC staff reference service. Company staff often make requests of technical books, publications, or articles. Much of this material is related to governmental agency policies and projects. In addition, a number of research tools and databases are purchased and available for staff to use. In some cases, materials are obtained from other libraries or sources. As the company has four regional hubs across the country, staff reference requests often come from distant locations. Some of these requests necessitate staff travel. Due to deadline variables, library staff can be tasked with obtaining the needed material in person.

Program #2

**Provide staff with a weekly updated list of answers to frequently asked questions regarding legislative procedures**

This program is dedicated to providing company staff with access to commonly asked questions pertaining to government regulations, laws, and procedures. The most commonly asked questions have been collected and formulated into a Frequently Asked Questions or FAQ which is posted to the library’s website.
Program #3

**Provide employees with company policy updates.**

This is a weekly email news briefing. This weekly briefing covers the frequent revision and updating of policies. Due to legislative reforms, employees must be aware of departmental guidelines and amendments to those guidelines. Information is also provided on updates to employee healthcare, retirement benefits, and safety issues.

Table 2 (see below) identifies the resources required for each of the various services.

**Table 2:** Labor & Material Costs

<table>
<thead>
<tr>
<th>Labor Costs:</th>
<th>Material Costs:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee timecards</td>
<td>Based on past accounting info</td>
</tr>
<tr>
<td>Staff time estimates</td>
<td>Contracts &amp; subscription services</td>
</tr>
<tr>
<td>Annual salaries</td>
<td>Vendor estimates</td>
</tr>
<tr>
<td>Peer published budget information</td>
<td>Supplier’s catalogs</td>
</tr>
</tbody>
</table>
Shared Costs:

The table below delineates shared costs of the proposed three programs:

Based on a review of yearly corporate usage statistics, (see Table 6), management has decided to take some of the unused overhead funds from programs 2 & 3, and allocate it to program 1.

Table 3: Cost & Salary Allocation

<table>
<thead>
<tr>
<th>Program:</th>
<th>Category:</th>
<th>Total Cost Allocation:</th>
<th>Salary Allocation:</th>
<th>Difference + or (-)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program #1</td>
<td>Material costs</td>
<td>$92,600</td>
<td>$92,600</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Labor costs</td>
<td>$55,200</td>
<td>$55,200</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Allocated O/H</td>
<td>$16,500</td>
<td>$31,500</td>
<td>$15,000</td>
</tr>
<tr>
<td></td>
<td>Program subtotal</td>
<td>$164,300</td>
<td>$179,300</td>
<td></td>
</tr>
<tr>
<td>Program #2</td>
<td>Material costs</td>
<td>$76,400</td>
<td>$76,400</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Labor costs</td>
<td>$55,200</td>
<td>$55,200</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Allocated O/H</td>
<td>$14,200</td>
<td>$2,200</td>
<td>$12,000</td>
</tr>
<tr>
<td></td>
<td>Program subtotal</td>
<td>$145,800</td>
<td>$133,800</td>
<td></td>
</tr>
<tr>
<td>Program #3</td>
<td>Material costs</td>
<td>$2,000</td>
<td>$2,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Labor costs</td>
<td>$37,822</td>
<td>$37,822</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Allocated O/H</td>
<td>$5,200</td>
<td>$2,200</td>
<td>$3,000</td>
</tr>
<tr>
<td></td>
<td>Program subtotal</td>
<td>$45,022</td>
<td>$42,022</td>
<td></td>
</tr>
<tr>
<td><strong>Total Resource Center</strong></td>
<td></td>
<td><strong>355,122</strong></td>
<td><strong>355,122</strong></td>
<td></td>
</tr>
</tbody>
</table>

Direct Costs:

The resource center has 3 employees. One full-time manager (myself), a part-time paralegal, and a clerical position. I handle Program 1, a Paralegal handles Program 2 and a clerk handles Program 3.
The table below (Table 4) lists the direct costs and expenses related to each of the proposed three programs. Per table 4, the direct cost of these three programs are as follows:

Program #1  $ 235,700  
Program #2  $ 44,050  
Program #3  $ 39,462

Note: Direct costs are costs that do not including organizational overhead.

**Table 4: Expenses**

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Totals</th>
<th>Program 1</th>
<th>Program 2</th>
<th>Program 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subscriptions &amp; books</td>
<td>$ 156,000</td>
<td>$ 153,000</td>
<td>$ 2,000</td>
<td>$ 1,000</td>
</tr>
<tr>
<td>Supplies</td>
<td>$ 9,300</td>
<td>$ 9,000</td>
<td>$ 150</td>
<td>$ 150</td>
</tr>
<tr>
<td>Phone, fax, &amp; postage</td>
<td>$ 4,500</td>
<td>$ 3,500</td>
<td>$ 500</td>
<td>$ 500</td>
</tr>
<tr>
<td>Staff travel</td>
<td>$ 1,200</td>
<td>$ 1,200</td>
<td>$ 0</td>
<td>$ 0</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>$ 171,000</td>
<td>$ 166,700</td>
<td>$ 2,650</td>
<td>$ 1,650</td>
</tr>
<tr>
<td>Salaries</td>
<td>$ 107,400</td>
<td>$ 50,000</td>
<td>$ 30,000</td>
<td>$ 27,400</td>
</tr>
<tr>
<td>Fringe benefits @ 38%</td>
<td>$ 40,812</td>
<td>$ 19,000</td>
<td>$ 11,400</td>
<td>$ 10,412</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>$ 319,212</td>
<td>$ 235,700</td>
<td>$ 44,050</td>
<td>$ 39,462</td>
</tr>
<tr>
<td>Organizational O/H @ 21%</td>
<td>$ 35,910</td>
<td>$ 25,500</td>
<td>$ 5,210</td>
<td>$ 5,200</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ 355,122</td>
<td>$ 261,200</td>
<td>$ 49,260</td>
<td>$ 44,662</td>
</tr>
</tbody>
</table>
1c. Indirect costs of these programs

Indirect costs are defined as supervisory and administrative expenses. This figure is represented on the organizational overhead line. It was calculated as follows:

Indirect costs were calculated at a percentage of 21% of the overall budget. See Table 4, (above). They were allocated “across-the board” based on the percentage of each programs proportional cost to the whole budget.

Indirect cost of Project #1= 235,700 x 21%= factor of .738 = $25,500
Indirect cost of Project #2= 44,050 x 21%= factor of .139 = $5,210
Indirect cost of Project #3= 39,462 x 21%= factor of .123 = $5,200

Total= $35,910

2. Proposed new service

The resource center proposes offering electronic online storage of employee published reports. This online storage would enable each employee to create his or her virtual website, complete with links to the .pdf files. There would be no cost to the employees and the pages would be accessible to all within the company.

Project name: E-corporate Virtual Publications
Project requested by: Corporate staff
Project Manager: IT manager of project
Suggested Budget: $40,000
Imposed Delivery Date: Not yet set
Estimated Cost: $ 38,000

Estimated Delivery Date: Delivery date estimated 6 months per review.

Purpose: To facilitate better team interaction between staff using information gleamed from their published work reports. The encouragement of sharing staff reports will benefit the company by reducing the existing amount of staff hours devoted to this task. The return on investment will be in the form of improved staff output.

Initial Situation: Currently each project team meets for up to 60 days to review and analyze past staff reports. It is felt that this time could be reduced if all staff had access to online published reports.

2a. Development of the service

The service would require additional resources per Table 5.

Table 5: Labor & Material Costs

<table>
<thead>
<tr>
<th>Labor costs:</th>
<th>Material costs:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Network technician</td>
<td>Additional Server space</td>
</tr>
<tr>
<td>Staff librarian</td>
<td>Website software</td>
</tr>
<tr>
<td>Website technician</td>
<td>On-going contract</td>
</tr>
</tbody>
</table>

The below work-plan is entitled, “E-Corporate Virtual Publications.” This plan maps out the proposed strategy for implementing a virtual in-house repository of employee reports.
E-corporate Virtual Publications Work Plan:

*Concept:* Creation of online storage repository for employee reports.

*Required tasks:* Determine approximate cost for labor and materials. Labor would consist of technical personnel and website personnel. Materials would consist of dedicated server hardware and commercially available software.

*Analysis:* Get approval from management for three competitive bids from Fortune 500 companies.

*Design:* Request sample design from the three competitive bidders for proposed website. Create a detailed budget and schedule for project completion.

*Development:* Examine the three submitted websites. Determine thru experimental usage which site will be more appropriate for company usage. Priority will be given to the following factors: Ease of use in creation of staff accessible web page, storage capacity of servers, and simplicity of file upload via Java protocol.


*Transition to production:* Management will decide which of the 3 bidders to award the website contract. Cost, technical proficiency, and experience will be deciding factors. Create all necessary informational manuals. Verify that site can handle required information load and capacity. Verify that all
employee passwords and firewalls are working.

*Production:* Send email to all company employees for planned meeting.

Present information to employees on new website via PowerPoint presentation. Hand out literature and answer any relevant questions.

*Decommissioning:* Switch IT support if existing company breaks contract due to incompetence or inability to fulfill contract.

### 2b. Cost benefit analysis of the service

**Objective:** Evaluation of the social costs and social benefits of the “*E-Corporate Virtual Publications,*” investment project.

**Purpose:** Decide whether or not the project should be undertaken.

Senior management has provided a breakdown of the costs associated based on existing project team labor hours. The following cost analysis consisted of three steps:

*Cost Benefit Analysis Step 1 - Cash is King.* Too many work hours spent on comparing employee reports. Existing work hour cost to company=$60,000

*Cost Benefit Analysis Step 2 –Cost & Benefits*

**Costs:**

New equipment, specialist help, staffing, training, maintenance.

Estimated cost is $38,000
Benefits:

Direct cost savings due to reduction in number of joint staff meeting hours.

_Cost Benefit Analysis Step 3 - Savings_

Total costs for the project are $40,000

Ongoing benefits are $60,000 per year.

Pay-back period is calculated as $40,000/$60,000 = 8 months.

3. Staff Salary increases

A potential salary increase has been recommended. This salary increase could be allocated among all three programs, or allocated based on performance factors. I would recommend allocation based on performance factors to ensure appropriate compensation for employee efforts. I therefore suggest that we use the Resource Center’s yearly reference transaction statistics, (see table 6), to determine appropriate salary increases.

**Table 6: Year-End Corporate Resource Center Reference Transactions**

<table>
<thead>
<tr>
<th>Staff Labor</th>
<th>Yearly Totals</th>
<th>Program 1</th>
<th>Program 2</th>
<th>Program 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Walk-in Reference requests</td>
<td>6,200</td>
<td>6,200</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Telephone service</td>
<td>4,000</td>
<td>3,000</td>
<td>1,000</td>
<td>0</td>
</tr>
<tr>
<td>E-mail Service</td>
<td>2,000</td>
<td>2,000</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Mail service</td>
<td>100</td>
<td>10</td>
<td>90</td>
<td>0</td>
</tr>
<tr>
<td>Research service</td>
<td>1,200</td>
<td>800</td>
<td>400</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Services</strong></td>
<td><strong>13,500</strong></td>
<td><strong>11,810</strong></td>
<td><strong>490</strong></td>
<td><strong>0</strong></td>
</tr>
</tbody>
</table>
Of the three departmental programs, program 1 has been identified as
being the most labor intensive. Based on the yearly staff transactions, (see
Table 6 above), it would appear that staff working in Program 1 would
be the most deserving of a pay increase of 8%. As Programs 2 & 3 are
newer, we recommend giving staff in Programs 2 & 3 a pay increase of 4%.

Table 7: Proposed Employee Salary Increase

<table>
<thead>
<tr>
<th>Program#</th>
<th>Pay Rate</th>
<th>Current Salary</th>
<th>Proposed New Salary</th>
<th>% Increase</th>
<th>Salary Dollar Increase</th>
<th>new fringe benefit cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program 1</td>
<td>Annual Salary</td>
<td>$ 50,000</td>
<td>$ 54,000</td>
<td>8%</td>
<td>$ 4,000</td>
<td>$ 20,520</td>
</tr>
<tr>
<td>Program 2</td>
<td>Annual salary</td>
<td>$ 30,000</td>
<td>$ 33,200</td>
<td>4%</td>
<td>$ 3,200</td>
<td>$ 12,616</td>
</tr>
<tr>
<td>Program 3</td>
<td>Annual Salary</td>
<td>$ 27,400</td>
<td>$ 28,496</td>
<td>4%</td>
<td>$ 1,096</td>
<td>$ 10,828</td>
</tr>
</tbody>
</table>

Subtotal salary cost  
$ 107,400  $ 115,696

Fringe benefits @ 38%  
$ 40,812  $ 43,964

Total Salary Cost  
$ 148,212  $ 159,660  $ 8,296  $ 43,964

Table 7 (see above), shows the breakdown and cost of the proposed salary
increase. The existing departmental salaries, (including fringe benefits), are
$148,212. The proposed increased salaries, (including fringe benefits), will
amount to $159,660. This will be an increase of $11,448. Due to the
company’s (agency’s) current fiscal constraints, the financial committee felt it
best to opt for a small salary increase this year. It is hoped that next year’s
fiscal planning will result in more funds being available for salary increases.
Exhibits 1 & 2

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Drexel University
- Graduate student, Library Science
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- B.A. Political Science

EXPERTISE
- microfilm preservation
- microfilm collection management
- database development

HONORS & AWARDS
- Phi Theta Kappa Honor Society
- National Scholars Honor Society
- The National Dean's List

I formerly worked as a micrographic technician with the National Archives in College Park, MD. My duties included camera operator microfilming, microfilm library management, and microfilm preservation.

I am presently serving as a micrographic specialist. My work involves microfilm collection identification as well as microfilm preservation.

I am a Masters in Library Science (MLS) candidate at Drexel University. I am active in genealogy via my affiliation with the Jewish Genealogy Society of Greater Philadelphia.

GENEALOGY

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http://works.bepress.com/jamesgross/ 2/21/2009