



**Date:** April 4, 2025

**To:** The Urbana Free Library Board

**From:** Rachel Fuller, Interim Executive Director

**Re:** FY26 Budget Memo

The Library's 150<sup>th</sup> year has been celebrating past successes and planning for the future, and the FY26 budget presented reflects continued planning for the future. In FY25, the Library increased the number of full-time benefitted positions, and so the FY26 budget reflects such adjustments as increases in wages, insurance, FICA, and IMRF accordingly. Specifically, the Library added a full-time Library Assistant 2 – Safety position. Additionally, the Library converted two half-time positions to full-time, namely an Archives Librarian position and Digital Media & Graphic Designer position. These changes in staffing support increased efficiency and service to the Urbana community.

The FY26 budget presented includes the aforementioned staffing increases and is a baseline budget that includes a 3.5% increase to base wages and step increases for eligible staff. In addition, non-staffing lines were eligible for a 2.5% increase; however, to position the Library for future success, the IT and Facilities budget lines continue to require increased funding for current projects, which means it was not possible for all non-staffing lines to receive increases for the upcoming year. Additionally, the Library's contract for maintenance and custodial services will expire in November, and increased costs for such services make outsourcing maintenance and custodial work less cost-effective than hiring staff. As such, the budget also reallocates funds to allow for this adjustment.

Last year, staff worked with the City of Urbana to implement a new requisition, purchase order, and encumbrance process for ongoing projects, and we continue to follow the City's lead in this manner. Now implemented for select budget lines in areas such as IT and Facilities, this process allows specific ongoing projects to roll into the next fiscal year automatically. While this approach will show increased expenses in the budget, it more intuitively accounts for funds previously encumbered on multi-year projects. The City uses and recommends this kind of language, which the Library will follow again this year:

*The Executive Director acting as the Budget Director is hereby authorized to amend the Fiscal Year 2025-2026 Annual Budget to increase expenditures by the amount of encumbrances outstanding as of June 30, 2025.*

The largest purchase order currently in place is the Library's contract and ongoing work with Engberg Anderson for the Welcome Desk/AV and Megan's Room remodel project.

#### ***Serving Our Public 4.0: Standards for Illinois Public Libraries***

TUFL continues to meet the *State Standards*, which have two specific recommendations about budgets:

1. *Salaries account for up to 60% and salaries plus fringe benefits (FICA, pension, and health insurance) account for up to 70% of the total budget.* Staff wages account for 52% of the overall 802 General Fund and those fringe benefits account for 15%, totaling 67% (including rounding). All staff will receive a cost-of-living increase of 3.25% to the base level of the pay grade, and qualified staff will also receive a step increase.

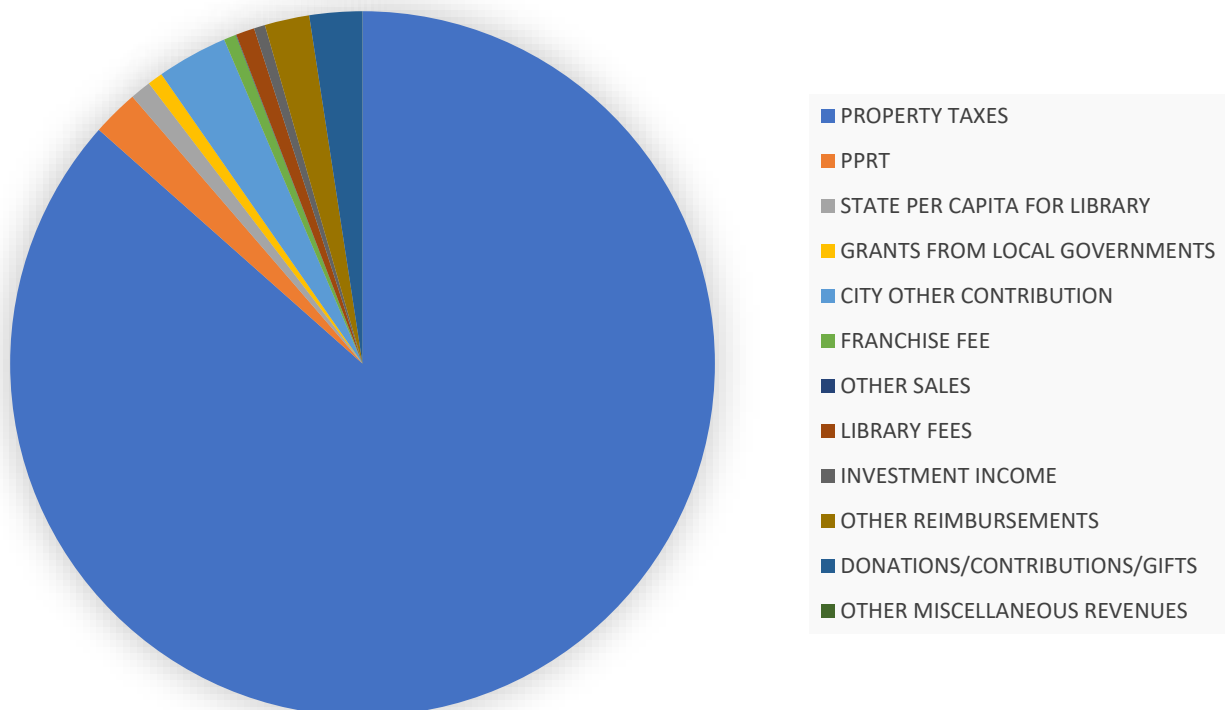
2. *Eight to 12% of the operating budget are spent on materials for patrons.* Here are two ways TUFL meets this standard.

	FY26 802 Expenses
Total (operating + some gifts) budget	\$5,897,382
Total on materials, including supplies, automation, and staffing costs	\$ 1,062,490
% of budget spent, including "extra" costs	18.02%
Total on materials only	\$474,836.00
% of the operating budget spent on materials only	8.05%

### Highlights

- Property taxes continue to be the primary source of revenue at 87%.
- The Library requested and received a 4% increase from our Champaign County partners, Champaign County and the Champaign County Circuit Clerk. Contributions from our Champaign County partners total \$37,980.

### General Fund Revenues - Percentages



### **External factors reflected in the FY26 budget draft:**

[The City of Urbana's Financial Forecast: FY2025-2029](#), released in December 2023, continues to serve as a guiding document in the Library's continued partnership with the City. Meetings between Library and City leadership occur regularly.

Changes at the national level are also reflected and continue to be monitored, including developments related to the March 14 [executive order](#) calling for the Institute of Museum and Library Services (IMLS) to be "eliminated to the maximum extent consistent with applicable law."

### **Revenue Decreases:**

The revenue from Friends of The Urbana Free Library's book sales continues to decrease while expenses increase due to both the increased cost of books and an increase in reading program participation. To account for this reduced revenue, staff have already decreased the number of prize books participants can receive, and staff also anticipate spending into the adult and children's gifts fund balances in the 810s again in FY26 to keep up with demand.

The \$9,400 that previously passed through USD#116 from UIUC for services offered to international students who do not pay property taxes to USD#116 and TUFL has continued to shrink. It was halved to \$4,700 in FY23, decreased another 20% in FY24 to \$3,760, and will continue to decrease by 12.5% for FY25, FY26, and FY27. If enrollment changes by more than 20% in either direction, the agreement will be reopened for negotiation. Without reopened negotiations, the contribution to TUFL in FY25, FY26, and FY27 has been or will be \$3,290 annually.

As reported to the Library Board in FY25, The Urbana Free Library Foundation is purposefully working to increase its fund balance as the Library considers future initiatives. Outside of requests to support ongoing renovations, we anticipate smaller annual grant requests from staff, aligning with the Foundation's efforts.

### **Potential Revenue Increases:**

TUFL has applied for or intends to apply for the following grants:

- The Urbana Free Library Foundation grant: \$91,335 (approved)
- City of Urbana Above-the-Baseline budget request: \$100,000 for paint and carpeting and \$166,000 for subsidizing health insurance for spouse, children, and family (both pending)
- Illinois DCEO grant: \$50,000 (included in the budget as a carry-over from prior years, will apply in FY26)
- ISHRAB grant: \$5,000 (pending)
- City of Urbana ARPA grant: \$60,988 (approved through the end of the calendar year 2026 or until allocation runs out)