

**Date:** March 4, 2016

**To:** The Urbana Free Library Board of Trustees

**From:** Celeste Choate, Executive Director

**Re:** FY17 Budget memo for Board Meeting of March 8, 2015

## **FY17 budget**

Times continue to remain tight but the news continues to be positive overall: The Library will continue to be open 70 hours a week, providing public service at multiple service desks, and with your approval, staff will see a 3% increase to the wage scale. Qualified staff will receive step increases. The total materials budget remains at just over 10% of the total budget, and programming funds will increase slightly.

It is estimated that property tax revenue will not increase dramatically in the next couple of years, but the City does expect an increase of 2.5% EAV. TUFL continues to evaluate and streamline processes and services and continues to find savings. We also continue to find needs, in areas such as HR, IT, Facilities, and Security.

When looking at staffing all of the service desks, supervisors took a fresh look at the number of people needed at each desk throughout the week and allowed additional "replacement" desk time for special projects, meetings, vacation, personal and sick replacement time, and the like. We budget as if all benefited desk staff will use all of the vacation and personal time that they accrue in the year and a percentage of their sick time. Scheduling staff as replacements is built into the departmental budgets because it is not our intention that service desks would go uncovered when someone takes leave time. We also have been working with staff who were/are over their benefit leave limits due to prior practices so that they are getting underneath their limits. Starting in FY18, scheduling additional desk staff hours for this purpose will not be necessary, and will decrease the number of replacement hours necessary.

We are budgeting for expenses lower than revenue so that we can continue to save designated funds for the Library's Fund Balances. Designated funds include the 11-year accrual line, the Retirement Health Savings line, and Building and Electronic capital expenses. There are uncertainties regarding the local tax base; whether or not property tax caps will be implemented; and what will happen to Per Capital Grants to libraries from the State of Illinois.

Both a detailed budget and a summary budget are included in your Board packet for ease of reading.

### **Revenue:**

- Property taxes provide 80% of the Library's budget. If you include IMRF, FICA/Medicare and gas utility contributions, the City provides 91% of the Library's budget. The Library is aware of the changing nature of the taxing situation with organizations reentering the tax rolls and will report any changes to our estimates at the April Board meeting. The City estimates a

slight increase to the Library's levy of 2.5%, which increased the estimated property tax revenue for FY17 by just over \$74,000.

- The City has provided TUFL with an estimated Personal Property Replacement Tax which is over \$13,000 higher than FY16 estimates.
- The maximum library grant from the State of Illinois is \$1.25 per person. We recommend budgeting conservatively at \$.63 per person, which would be a decrease of over \$25,500. We have not yet received the Per Capita funding for FY16 and have been told that it may or may not come at all.
- Over the past couple of years, TUFL has supplemented its operating budget for library collections by transferring Gift funds from the L10 budget lines as part of the budget: over \$30,000 in FY14 and over \$20,000 in FY16, primarily from the Friends of the Library's book sale L10 gift funds and some of the Gara Funds for large print books. This year, we will not budget any L10 transfers as part of the initial budget for materials. Since there is no FY16 Illinois budget yet, it is possible that TUFL may not receive the State Per Capita Grants in FY17, so we believe it to be more prudent to save Friends L10 funds as a backup.

#### **Expenses:**

- Step increases have been budgeted for qualified staff. An increase to the staff wage scale of 3% is included to match what is being budgeted for City staff. Matching the City's increases helps keep TUFL on track with implementing the 2008 wage and benefit Survey, as noted in the [Five-Year Financial Plan, FY2014-FY2018](#).
- Electricity rates will increase, but we already see that the average amount TUFL is paying on average per month went from \$5,900 in 2014 to \$7,200 in 2015. We anticipate future energy savings after a new energy audit is completed and changes can be implemented.
- This year, we anticipate the City and the Library will purchase a new financial software package. We anticipate paying for the both the current system as well as the new system for at least a year, then we will pay the lower cost of the new system only.
- The Library frequently over-budgeted for health insurance and a more realistic budget is being proposed.
- The wage lines for what used to be *Adult Services* and *Youth Services* have been combined in *Adult and Youth Services*. The Patron Resources lines remain separate, though, since the collections are separate. This budget allows for additional staffing time for desk shifts and programming the Director will no longer be doing, given her additional responsibilities, as well as some additional off desk time for AYS staff. Generally, there is paid intern who is scheduled at the question desk around 10 hours a week, and this budget allows for one new, additional paid intern to work at the 1<sup>st</sup> and 2<sup>nd</sup> floor reference desks.
- In addition, just over \$11,000 has been set aside in Administrative wages for the possibility of getting some help to fill some gaps which have been identified in the areas of Human Resources, Information Technology, Facilities, and possibly Security. This is a small amount of money for the existing needs, and we are evaluating the best first place to start.

- There has been a gradual shift from staffing the CCHA desk with two employees at a time to staffing with one on desk and one always working in the back room, available to assist. This staffing shift, and shifts of jobs and roles due to personal life decisions of CCHA staff, creates savings in the staffing budget.

We are aware that in accepting archival materials from the Chanute Museum, we are accepting a collection which will take years to evaluate and process. We intend to apply for grant funding and to continue to allow GSLIS students the opportunity to assist where appropriate in the CCHA.

- Based on current Café revenue and expense estimates, we anticipate that the Café will come within approximately \$3,000 of breaking even in FY17. Baristas continue to work on new tasks while they are at the Café that make sense for their workflow and that free up other staff to do other work. In addition, many patrons use the Race Street entrance. Without staff near that door, it would be difficult to keep the door open.
- We anticipate some changes to some staffing and workflow, since the Manager of Acquisitions has announced her retirement and Adult and Youth Services is just completing interviews for a new librarian. More cataloging responsibilities will continue to be shifted to Acquisitions, which will allow more time for Adult and Youth Services staff to initiate more projects or programs. Changes in these departments will affect other departments, and we will bring the Board any budget amendments as they are needed.
- The decrease in the Circulation Clerk PT line recognizes that after one parttime employee separated from TUFL in 2015, her hours remained in the Part Time line for FY16. For FY17, we are taking a different approach by shifting funds to the Hourly Scheduled line so that fewer budget amendments to transfer hours between those two lines will be needed.
- Two large initiatives that will have financial impact are not currently included in the FY17 budget, as the costs have not been estimated yet. We could ask for assistance from the Library Foundation, use money in the fund balance, or seek alternate funding:
  - Long-range planning costs.
  - Media conversion project so that the 30,000+ items behind the Circ desk can be moved to the floor for ease of patron checkout.

#### **Fund Balance:**

- We continue to designate funds for future capital expenses, including work on the 10-year old roof, the porch, the HVAC system, the windows, and new carpeting. We are discussing additional funding opportunities with the City of Urbana and The Urbana Free Library Foundation, and we will be looking at grants. We expect that any improvements to the HVAC system will have the benefit of decreased utility costs.
- In the [Technology Plan FY16-18](#), the Board prioritized adding a new budget line for an equipment replacement fund for long-term, large capital expenses that cannot be met by the annual budget allocation. We looked out 30 years and included 2% inflation. This is the

first year TUFL will begin by saving \$26,000. We anticipate that over 30 years, more than \$1.1M will be needed.

- Looking at the balance of TUFL's monthly bank statements over the past 3-4 years, and considering the uncertainties in the State of Illinois, it might be wise to consider building up a slightly larger undesignated fund balance, in addition to the assigned fund balances already mentioned.