

**Date:** March 18, 2016  
**To:** The Urbana Free Library Board of Trustees  
**From:** Celeste Choate, Executive Director  
**Re:** FY18 Budget Memo for Board Meeting of March 21, 2017

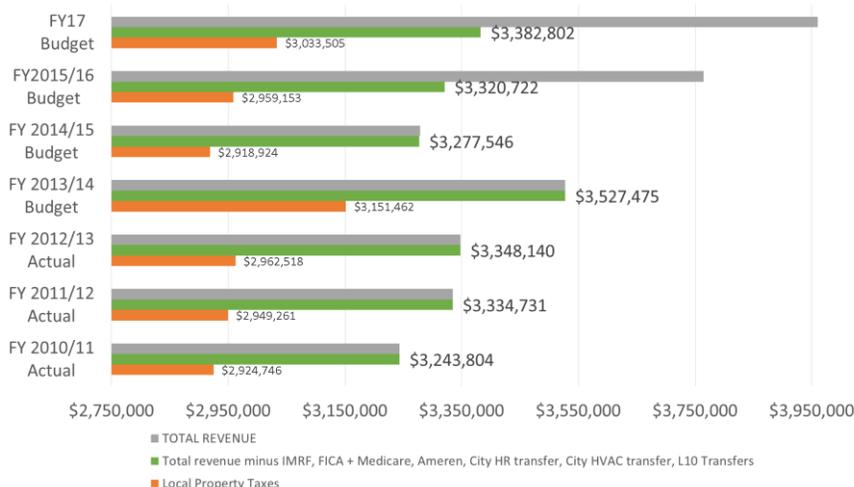
The Urbana Free Library is experiencing a number of pressures. First, The State of Illinois remains without a budget. The [State of Illinois Economic Forecast is available here.](#) Local legislators say that in order to pass a State budget, there will need to be a “Grand Bargain.” Part of that bargain is capping local property taxes for a period of time, even for home rule cities like Urbana. If a tax cap is implemented, it has not yet been determined how long it will be. These have all been floated : One year; two years; two years with a possible 3 year extension; five years; and a permanent tax cap.

Second, the lawsuit between the City of Urbana and Carle remains unresolved. The result of this suit will have a tremendous impact on the City. In addition, the City’s sales tax revenue is lower than anticipated, and this is affecting the budget. According to this January 19, 2017, memo, [“With sales and income tax revenues showing weak performance, it is likely that budget reductions will be necessary in FY2018 to achieve a balanced budget.”](#) More information is available starting [here at 5:26](#), where it is mentioned that the City’s revenue shortfall may exceed half a million dollars this year.

Third, the recently proposed federal budget eliminates the Institute of Museum of Library Services, [“and with it, effectively all federal funding for libraries of all kinds,”](#) according to the American Library Association. It is too soon to know what the possible impacts to TUFL will be, but there will certainly be impacts if the proposed federal budget is passed with these cuts intact.

Fourth, TUFL is also experiencing decreasing revenues and increasing expenses. Our Public Library Per Capita Grant had been \$51,562 for a couple of years, but last year, it decreased over \$19,000 to \$31,798. Other revenue streams including Personal Property Replacement Tax (PPRT), Fines & Fees, Lost & Damaged, and the Café continue to decrease. Given the best estimates the City of Urbana can make with the information available, we are decreasing our PPRT estimate by over \$21,000.

TUFL is operating with tax revenue levels only slightly higher than in FY13. TUFL only recently started to show certain City contributions in its budget, so if you want to look at “apples to apples” revenue, look at the green bars below.



On the positive side, the City of Urbana generously provided one-time funds for \$125,000 worth of HVAC work, including replacing the boiler. Also, the City Council voted last year for a financial policy which says they will levy to support the budget they approve for TUFL.

Although revenue is decreasing and expenses have increased, all eligible Library staff have received step increases and the Library employee wage scale received the same percentage increase as City staff these past years. The City has only just begun contract negotiations. In the FY18 budget request, we are requesting step increases for eligible TUFL staff, but due to the current negotiations, we are not yet requesting a cost of living wage increase to the wage scale. We are allocating some funds in the Admin Hourly line for potential cost of living increases and other potential wage increases or promotions which could occur throughout the year. We will watch FY17 income over the next month and propose any adjustments in the April budget proposal, if necessary.

Late in the FY17 budget, a development professional will be hired with funds from the City. We request that revenue not spent on the development professional this year be added to the Fund Balance but then taken from the Fund Balance in FY18 and used to fund the Development Director’s position.

### Expenditures Summary

		\$ 4,152,735	\$ 3,942,735
<b>Centralized Costs</b>	<b>Total</b>	<b>% of budget</b>	<b>% of budget not including one time capital expenses</b>
Non-Staff (incl. Cafe)	\$ 911,058	22%	23%
Staff	\$ 581,015	14%	15%
<b>Total</b>	<b>\$ 1,492,073</b>	<b>36%</b>	<b>38%</b>
<b>Departmental Costs</b>	<b>Total</b>	<b>% of budget</b>	<b>% of budget not including one time capital expenses</b>
Staff	\$ 2,197,186	53%	56%
Collections	\$ 450,750	11%	11%
<b>Total</b>	<b>\$ 2,647,936</b>	<b>64%</b>	<b>67%</b>
<b>To Fund Balance</b>	<b>\$ 12,726</b>	<b>0.3%</b>	<b>0.3%</b>
<b>Total Staff</b>	<b>\$ 2,778,201</b>	<b>67%</b>	<b>70%</b>

According to page 12 of *Serving Our Public 3.0: Standards for Illinois Public Libraries*, “Salaries plus fringe benefits (FICA, pension such as IMRF, and health insurance) account for up to 70 percent.”

### Board priorities listed in the [Five-year Financial Plan](#)

- I. Plan for replacement of major building components:

The Library has great capital needs, and capital spending/saving estimates have been provided to the Board over the last couple of years regarding estimated electronic equipment and capital improvement

needs for the next couple of decades. We recommend a one-time request to the City of Urbana of \$210,000 for the replacement of the failing chiller unit (\$160,000) and for new carpeting in high-traffic areas (\$50,000). A memorandum about the chiller was included in the February and March Board packets. The carpeting is listed as being replaced over a period of years in the long-term capital improvements document in the February Board packet. Carpeting replacement will be prioritized by priority of high, medium, and low traffic zones.

2. Increase materials expenditures as percent of budget:

*Serving Our Public 3.0: Standards for Illinois Public Libraries* recommends a minimum of 12% to be spent on materials. Of the anticipated total revenue of \$4,152,735, \$210,000 is for one-time capital improvements; \$26,000 is a transfer from the Fund Balance for the development professional; and \$30,000 is from the Foundation for the development professional. The “regular” recurring operating revenue is \$3,886,735. In this budget, we recommend increasing the materials budget to \$450,750. We also propose spending \$20,000 we anticipate receiving from the Friends of The Urbana Free Library’s book sale profits and/or from saved Friends funds. That would bring the materials total to \$470,750, or 11.4% of the larger total revenue and 12.1% of the regular recurring revenue.

	Regular recurring + One time capital expenses + Foundation Gift + Fund Balance	Regular recurring
Total Revenue	\$ 4,152,735	\$ 3,886,735
12% of Total Revenue	\$ 498,328.20	\$ 466,408.20
Budgeted for Materials	\$ 450,750	\$ 450,750
Plus Friends Funds	\$ 20,000	\$ 20,000
Total	\$ 470,750	\$ 470,750
% of Total Revenue	11.3%	12.1%

The FY17 materials budget is \$385,564, so the budget proposal including the Friends funds increases materials spending by over \$85,000. The Financial Plan recommends a phase-in: *Provide a materials increase of 8% annually until materials expenditures return to 12% to 15% of the overall library budget.* We plan to increase materials spending in this way.

3. The Financial Plan also promotes the shifting of appropriate work from one group of employees to another in order to make best use of their time and to be efficient with Library resources. The cataloging of children’s materials has shifted to Acquisitions staff, and we will begin to shift responsibilities for copy cataloging adult materials this fiscal year to Acquisitions staff.

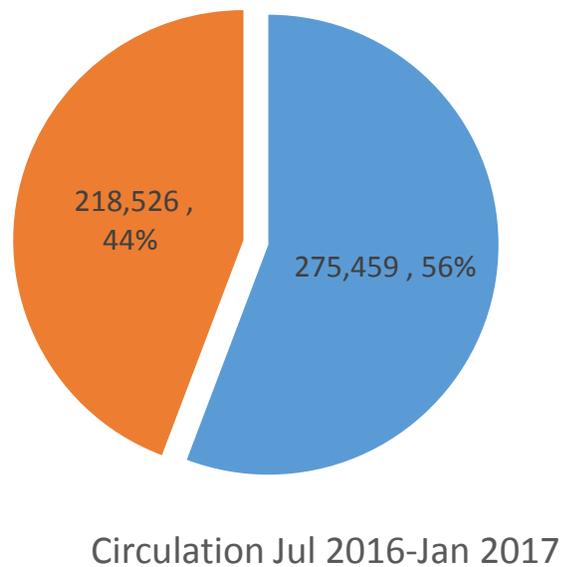
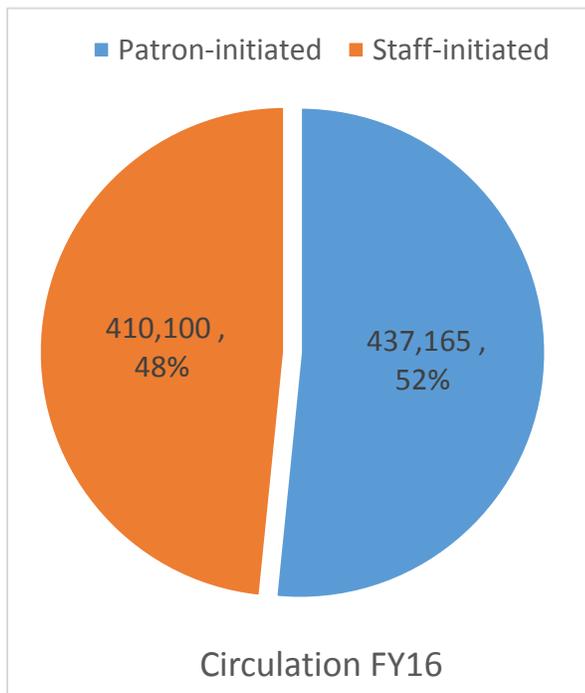
In FY17, a Circulation Clerk/Information Assistant was given responsibility for creating the Circulation Clerk schedule, freeing time of the Director of Collection Access Services. The Circulation Clerk/Information Assistant will be given additional off-desk time to continue this work and to also create schedules for the three Adult and Youth Services (AYS) reference desks, freeing up time of the three librarians who currently work on schedules.

This time made available from both of these workflow shifts can be used in AYS for additional outreach, programs, or other important responsibilities, such as spending the increased materials budget and maintaining the collections.

### Staffing

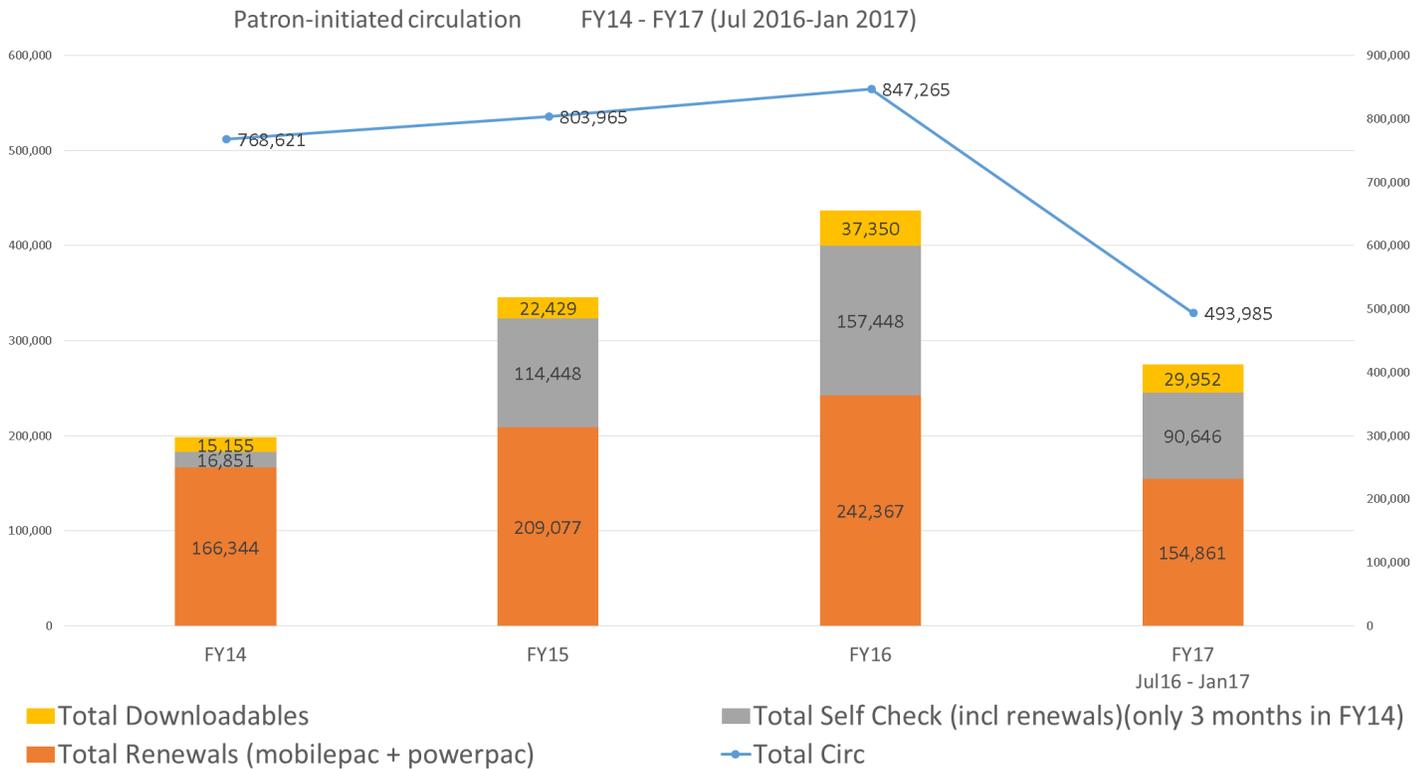
In FY18, we will implement the new Munis financial system, so we are “putting our ducks in a row.” Circulation Clerks/Information Assistants work in both Circulation and AYS, and they report to a different supervisor each department. In the FY18 budget, we have included lines for FT and PT Information Assistants in the AYS budget. Circulation Clerk/Information Assistants work in AYS 77 hours a week, so we transferred the corresponding resources, including benefits, from Circulation to AYS. This is one reason the Circulation budget is lower and the AYS budget is higher.

In addition to all of this, the use of the Library continues to change, as we have shared with the Board. We shared the most recent statistics with staff at the yearly Staff In-Service. The trend of greater self-service the last few years continues into this year.

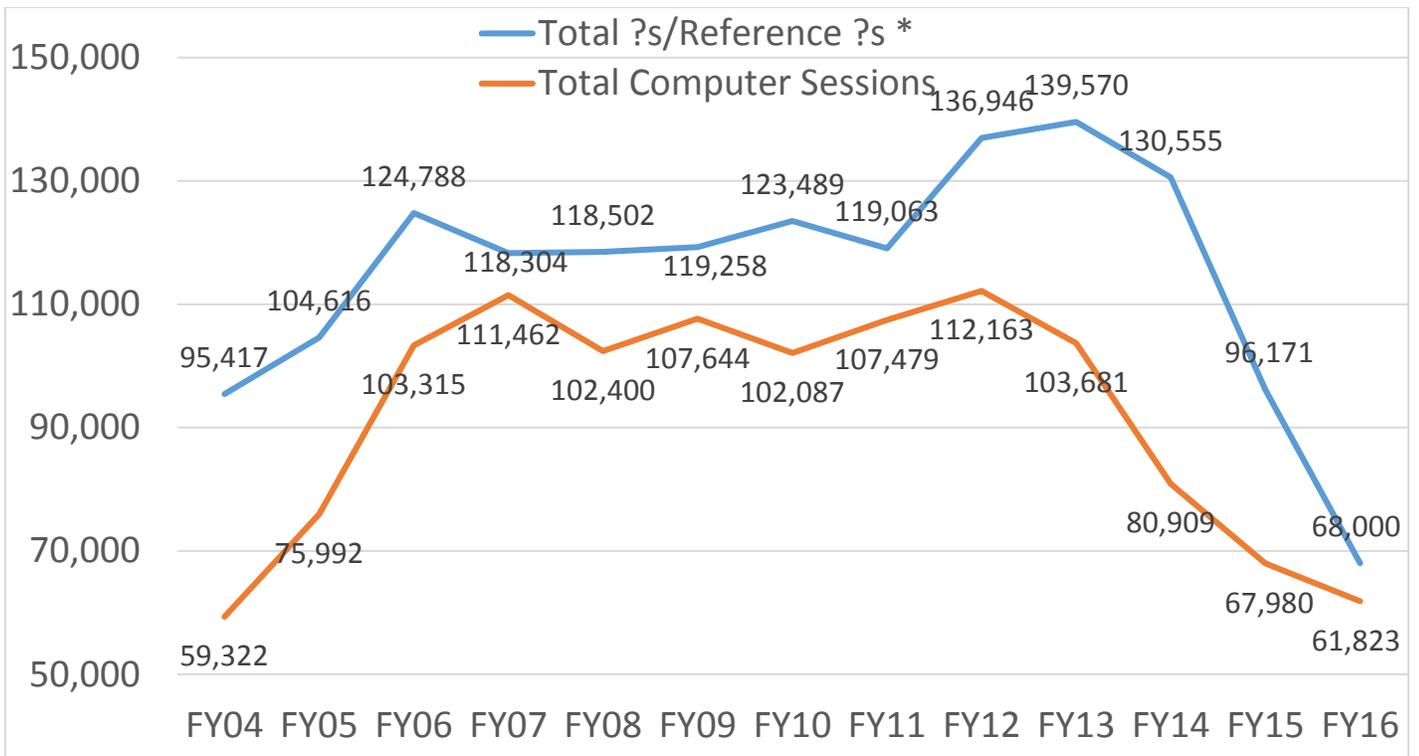


Circulation has increased in patron-initiated areas. Renewals are up over the past couple of years due to the Board changing the Circulation policy to allow renewals from 2 to 3; and then from 3 to 5. Note below that renewals for the first 7 months in FY17 are almost as high as all of FY14. TUFL is required to report renewals to the State as part of our total Circulation.

Also, we see a big increase in self-check and downloadable checkouts. Look at the eBook figures: Total downloads for the first 7 months in FY17 are higher than they were in all of FY15 and are almost double all of FY14. Downloadable items don't need to be checked out or reshelved by staff, so TUFL has realized some staffing savings which can be used in other departments.



There has been a marked decrease in reference questions asked. In addition, the number of computer sessions has been decreasing since FY12. The number and kinds of questions that are being asked on TUFL reference desks is changing dramatically, and we are staffing appropriately for the changes. In FY18, we will plan to increase the number of TUFL volunteer opportunities, particularly volunteers who will assist technology users in the Flex-n-Gate Computer Center. (see below)



\*FY15 is the year Reference Questions as defined by the State were measured, not Total Questions as defined by TUFL.

There has been an hourly paid Intern position focusing on children in AYS for years. In FY17, we added an AYS hourly paid Intern position focusing on adults and teens. In FY18, we propose adding an hourly paid Intern position to the Champaign County Historical Archives (CCHA), primarily for the processing of the Chanute Collection. The internship is being funded in FY17 by funds from the Friends and the Foundation, but that is not a sustainable model. Wage savings from other staff areas will be shifted to the CCHA for this position.

### Technology Plan

Priorities listed in the [Tech Plan FY2016-FY2018 Approved 011017](#) are not anticipated to cost anything outside of the regular IT budget. Instead of putting aside money into the Fund Balance for Electronic equipment capital expense this year, we plan to spend the \$25,000 in Electronic equipment capital expense to upgrade the Local History Online servers. This was a budget request already deferred one year.

### Fund Balances

The Library continues to add to the two Fund Balances, and these are included in the budget documents. L05 0 0120-2999 is for general funds such as 11-year accrual funds; Building, capital expense; and Electronic equipment, capital expense. L05 0 0120-3000 is for the RHS Plan Health Savings Plan separation fund.

We do not have an anticipated cost of the long range/strategic planning process. We recommend that it come from the Fund Balance L05 0 0120-2999.

Potential staff retirement payouts:

Two employees have indicated they will retire in FY18 and FY19, and we anticipated paying them an estimated \$22,000 in leave-time accrued and owed. Additional funds will be needed or we will need to wait before we will fill those positions. If there are funds left over in FY18, I recommend adding them to the general Fund Balance L05 0 0120-2999 and holding them aside for this purpose in FY19.

### **Other Funds**

We anticipate no activity in the L15 Building Fund or the L30 Grant fund.

I recently received a spreadsheet for many years of all spending across all funds, and will provide separate budgets for the L10 Trust Fund and L25 Sales Fund at the Board meeting.