

# Library Budget Cuts

## Frequently Asked Questions

**Q: Why has the library cut its hours?**

**A:** The library's tax revenue has declined dramatically over the past 5 years due to the fiscal downturn and resulting decrease in property tax rates. The amount to be collected has gone from \$387,995 in 2009 to \$326,503 in 2014, a decrease of \$61,492.

This situation is complicated by the fact that in 2009, when its income level was much higher, the library expanded its hours considerably, adding Saturday service at Attica and a fourth evening, Tuesday, at Imlay City. A total of 11 hours were added to the service schedule, along with the staffing and other costs involved in covering them. We have since been trying to maintain those hours and cover those added costs with significantly less income.

We are now trimming back 8 of those hours. Even with these cuts, the library is still open 3 hours more per week than it was in 2008, and still has the most public service hours of any library of its class in the state.

**Q: What other factors are influencing these budget concerns?**

**A:** Besides the substantial loss in property tax revenue, which makes up the majority of the library's operating income, other factors are also involved:

- Costs have continuously risen in many budget areas. Fees for services like elevator maintenance, pest control and waste management regularly increase, and health insurance costs have risen for the library as they have for everyone else. The prices of materials like books, DVDs and magazines also increase regularly, meaning that our money doesn't go as far as it used to when we try to stock our shelves.
- The minimum wage increase mandated by the State of Michigan is causing significant payroll expense issues, as our minimum wage employees (library pages) will soon be at nearly the pay rate level of our next highest staff (library assistants.) Each pay scale will then require upward adjustment. Many employers across the state are struggling to cope with this same problem.
- Costs for technology infrastructure are increasing rapidly as the information world continues to evolve. Computers, servers, printers, software and licenses now need constant upgrading, and library users expect us to keep up with technological improvements. As the systems we use become ever more complex, they require increasing maintenance. Additionally, we are tasked with adding new media, such as digital books, music and more into our already strained materials budgets.

- The library building and grounds, now 25 years old, have begun requiring significant expenditures for maintenance and upkeep. Furnaces and air conditioning units have had to be replaced, and major repairs to the roof venting and plumbing systems have been necessary. The parking lot and sidewalks have required resurfacing and replacement. These costs will only continue to increase as the facility ages.
- Our budget must cover the costs of maintaining two branches, one in Imlay City and the other in Attica Township. Of the 36 Michigan district libraries of our size (Class III) we are the only one with more than a single building. Peer libraries with more than twice our operating budget and twice our number of municipalities served still only have one building, compared to our two. This stretches our book budget, staffing and other costs much further, and affects the hours, materials and services we are able to provide at each individual outlet.
- There is growing concern over the issue of tax rebates. Recently, the Michigan Tax Tribunal has approved dramatic changes in the way some “big box store” and other retailers are having their assessments calculated. This has resulted in massive, retroactive losses of income to municipalities, schools and libraries. Going forward, we may be made to pay back 3 years of already allocated and spent tax revenue, and then have to adjust our future budgets downward as these assessments, once revised, are permanent.

**Q: What steps did the library take to trim the budget before making these hours cuts?**

**A:** The library made internal cuts and took other steps in an attempt to avoid changes that would affect public service hours:

- Payroll costs have always been kept in check by our practice of having relatively low wages, no pensions or 401k plans and no retiree health care or other legacy benefits.
- A full time administrative assistant position was cut some years ago, in the last fiscal downturn, with all of its duties transferred to the library director. This position was never restored, even when finances improved, and recent investigation into the possibility of adding at least a part time assistant was put on hold.
- Wages were frozen for all other employees during the first few years of the minimum wage increase for library pages.
- A vacant part time library assistant position was not filled. Instead, only a portion of its hours were covered with substitutes, at a lower pay rate, and the rest of the hours were handled by existing personnel working “short staffed” and doubling up on their duties during those time periods.
- Contracts with outside vendors were examined for possible cost savings. Postage costs were cut by the change to digital mailing of some items and phone calls in place of some mailed notices. Energy efficient thermostats and lighting were installed.

- Increasing amounts of fundraising were undertaken, in the form of more substantial ongoing book sales, the addition of book sales to the Farmer’s Market, and an expanded annual Silent Auction.

**Q: Why didn’t the library use its \$60,000+ bequest from Stella MacDonald for this budget shortfall, instead of using it for facility improvements?**

**A:** A bequest like the one we received from Mrs. MacDonald comes along rarely. If we had used it to offset our operating budget shortfall, the money would have been spent within 2 years paying our regular bills with nothing “lasting” to show for it. The following year, we would have been right back in the same position of having an ongoing revenue deficit. We chose instead to make lasting and much needed improvements to the buildings in honor of Mrs. MacDonald’s generosity, with the goal of providing the best library facilities possible to our community.

**Q: Why not just use the fund balance to cover the budget shortfall?**

**A:** We have been: on the advice of budget advisors and our accountants we have used tens of thousands of dollars from the fund balance over the past few years in an attempt to stave off budget cuts, but we cannot continue doing so indefinitely. The fund balance is not an infinite resource. We have to get back to having a balanced budget. Eventually we also have to begin rebuilding our fund balance, as that money is needed for unplanned, emergency, or capital improvement needs, such as tax rebates, roof repairs, or furnace replacements, which cannot be covered by the normal operating budget.

Most municipalities, schools, libraries and other institutions across the country have followed these same steps during this fiscal downturn, in the hope that revenue would increase before major cuts had to be made. Unfortunately, revenue is not increasing at a rate to outpace rising costs or to allow us to maintain the expanded hours set in 2009. Now, as everyone else has had to do these past few years, we have to make some significant changes to try and get our increasing expenditures in line with our new, lower revenue levels.