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Hearing on the Mayor's Fiscal 2013 Executive Budget

Libraries

May 14, 2012

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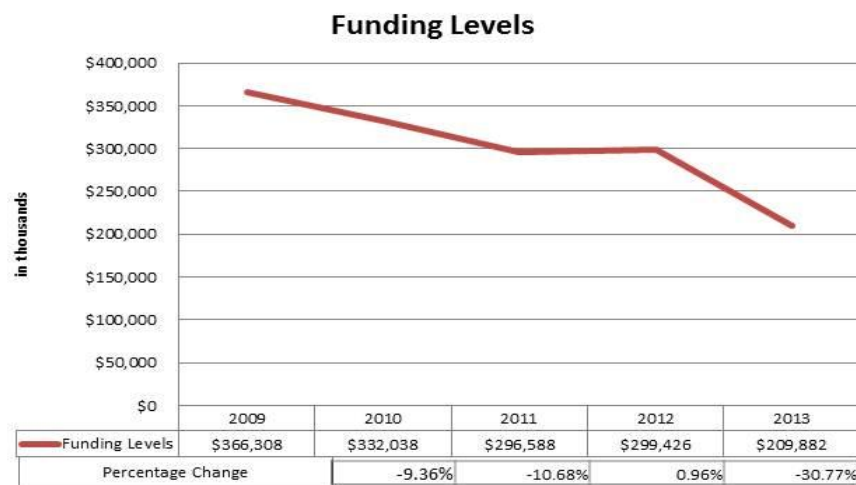
Agency Overview

Library services are provided through three independent systems: the Brooklyn Public Library (BPL), the New York Public Library (NYPL) and the Queens Borough Public Library (QBPL). These systems operate 209 local library branches throughout the City and four research library centers in Manhattan. The libraries offer free and open access to books, periodicals, electronic resources and non-print materials. Reference and career services, Internet access, and educational, cultural and recreational programming for adults, young adults and children are also provided. The libraries' collections include 377 electronic databases and more than 65 million books, periodicals and other circulating and reference items. The City provides for both direct operating support and energy costs in all facilities, which it does in part through prepayments in the current fiscal year. The City also provides capital funds for maintenance of the over 200 branches managed by the systems, as well as funding to create new branches and/or specialized centers.

This report analyzes the impact of the year-over-year loss of funding for the City's three public library systems, and in addition, reviews the capital program for the systems.

Funding Summary

Since Fiscal 2008, the systems have maintained City support well above \$300 million that has allowed for increased hours/days of service, increased headcount, and increased services, such as specialized programs for teens and seniors, adult literacy and GED prep classes, and soft job skills training. However, there has been a decline in City support starting in Fiscal 2009, which has reduced days of service from seven to five, decreased headcount, and decreased services. The chart below outlines the decline of City support from Fiscal 2009 to the proposed budget for Fiscal 2013, with the percentage change from year to year noted at the bottom. Please note that the increase shown in Fiscal 2012 reflects the restoration from the City Council and the Administration of \$83 million.



For Fiscal 2013, the Administration is proposing \$209 million in City support for the systems, which is a 30 percent reduction from the Fiscal 2012 Adopted Budget. The following table, "Financial Summary for the Libraries", provides an overview of City support from Fiscal 2011 to the Executive Plan for Fiscal 2013, demonstrating the proposed loss of funding to each system.

Financial Summary for the Libraries

Dollars in Thousands (Adjusted for prepayments.)

	2011 Actual	2012 Adopted	2012 Exec Plan	2013 Exec Plan	Difference* 2012-2013
Research Libraries	\$22,023	\$22,573	\$22,082	\$16,015	(\$6,557)
NYPL	110,850	112,851	111,005	77,993	(\$34,857)
BPL	82,451	84,482	83,776	58,500	(\$25,982)
QBPL	81,264	83,257	82,563	57,373	(\$25,884)
TOTAL	\$296,588	\$303,162	\$299,426	\$209,882	(\$93,280)

* Difference refers to the variance between the Fiscal 2012 Adopted Budget and the Fiscal 2013 Executive Plan.

Although the Executive Budget includes approximately \$3 million in other adjustments for the three systems, the total deficit that will have a direct impact on service is \$96 million. These other adjustments increase the baseline funding and reduce the year over year change slightly, but it does not affect the deficit in operational funding. This deficit includes the \$83 million restoration at adoption and the November Plan PEG proposal of \$13.2 million.

Fiscal 2012 Restoration

The Council has routinely provided supplemental or restorative funds to the City's operational subsidy for the research and branch libraries to ensure that these libraries are able to maintain necessary service hours and materials for all New Yorkers. In Fiscal 2012, the Council provided \$61 million and the Administration provided \$22 million for a partial restoration of cuts. This \$83 million restoration is not included in the Fiscal 2013 Executive Budget. The chart below provides a breakdown of the Fiscal 2012 restoration to each system.

FY 2012 Changes at Adoption

Dollars in Thousands

	City Council	Administration	Total
Research Libraries - Partial PEG Restoration	\$4,270	\$1,540	\$5,810
NYPL Branches - Partial PEG Restoration	22,692	8,184	30,876
BPL - Partial PEG Restoration	17,019	6,138	23,157
QBPL - Partial PEG Restoration	17,019	6,138	23,157
TOTAL	\$61,000	\$22,000	\$83,000

The Impact of the \$96 Million Deficit

The loss in funding to the three library systems for Fiscal 2013, reducing funding to post-September 11th levels, would have the following impact:

- **Branch Closings.** The three systems would be forced to close a number of library branches throughout the City. After three fiscal years since the historic six-day service funding agreement of \$43 million in Fiscal 2008 between the Administration and the Council, the three systems would move from providing six and seven day service to having branches closed and open during limited hours. If the reductions are implemented, there would be 46 branch closures in Fiscal 2013.
- **Headcount Reductions.** Headcount reductions would occur as a consequence of reduced funding. The majority of the proposed headcount reductions would be through layoffs, not attrition. If the \$96 million reduction is implemented, the projected layoff total for all three systems is approximately 1,565 positions.
- **OTPS Spending Reductions.** The Other Than Personal Services spending was reduced or suspended in Fiscal 2011 to absorb mid-year reductions to the libraries. These reductions would continue in Fiscal 2013, jeopardizing the integrity of each system's materials and book collection.

The Libraries

New York Public Library System

The New York Public Library includes 86 branch libraries in the Bronx, Manhattan and Staten Island. The four research libraries are the Library for the Performing Arts located at Lincoln Center, the Schomburg Center for Research in Black Culture located in Harlem, the Science, Industry and Business Library in Midtown, and the main library on 5th Avenue and 42nd Street (Humanities and Social Science). In Fiscal 2011, the New York Public Library had a record high of 27 million in circulation and 15 million people in attendance.

New York Public Library Financial Summary

Dollars in Thousands

	2011 Actual	2012 Adopted	2012 Exec Plan	2013 Exec Plan	Difference* 2012–2013
Branch Libraries	\$110,850	\$112,851	\$111,005	\$77,993	(\$34,857)
TOTAL	\$110,850	\$112,851	\$111,005	\$77,993	(\$34,857)

**Difference refers to the variance between the Fiscal 2012 Adopted Budget and the Fiscal 2013 Executive Plan.*

New York Research Library Financial Summary

Dollars in Thousands

	2011 Actual	2012 Adopted	2012 Exec Plan	2013 Exec Plan	Difference* 2012–2013
Research Libraries	\$22,023	\$22,573	\$22,082	\$16,015	(\$6,557)
TOTAL	\$22,023	\$22,573	\$22,082	\$16,015	(\$6,557)

**Difference refers to the variance between the Fiscal 2012 Adopted Budget and the Fiscal 2013 Executive Plan.*

Impact

Below outlines the impact to the NYPL system as a result of the proposed \$42 million reduction in Fiscal 2013.

- **Impact on Headcount.** There would be a loss of 682 positions with 610 layoffs.
- **Impact on Service.** The average weekly hours of service would be reduced from 46 hours to 28 hours a week, an 18-hour reduction. The system would possibly close 12 branches. OTPS spending, including materials and collections, would remain flat in Fiscal 2013.

Other Adjustments

The Executive Budget provides funding for PS and OTPS expenses: \$51,776 for a gross pay adjustment for DC 37 personnel; \$889,136 for health cost increases for personnel; and \$267,573 for adjustments in heat, light, and power expenses.

Brooklyn Public Library System

The Brooklyn Public Library (BPL) consists of 60 branch libraries in the borough of Brooklyn including a Business Library and Central Library. Over the past year, the Brooklyn Public Library has seen its circulation rise to 20.2 million and its attendance rise to 12.3 million people.

Brooklyn Public Library Financial Summary

Dollars in Thousands

	2011 Actual	2012 Adopted	2012 Exec Plan	2013 Exec Plan	Difference* 2012–2013
BPL	\$82,451	\$84,482	\$83,776	\$58,500	(\$25,982)
TOTAL	\$82,451	\$84,482	\$83,776	\$58,500	(\$25,982)

**Difference refers to the variance between the Fiscal 2012 Adopted Budget and the Fiscal 2013 February Plan.*

Impact

Below outlines the impact to the BPL system as a result of the proposed \$26 million reduction in Fiscal 2013.

- **Impact on Headcount.** There would be 350 layoffs.
- **Impact on Service.** The average weekly hours of service would be reduced from 44 hours to 21.5 hours a week, a 22-hour reduction. The system would possibly close 16 branches. OTPS spending would remain flat for Fiscal 2013.

Other Adjustments

The Executive Budget provides funding for PS expenses and reduces funding for and OTPS expenses: \$51,451 for a gross pay adjustment for DC 37 personnel; \$794,169 for health cost increases for personnel; and a \$6,496 reduction for heat, light, and power expenses.

Queens Borough Public Library

The Queens Borough Public Library (QBPL) consists of 62 branch libraries including the Langston Hughes Library and Cultural Center and Central Library. Currently, the library system has over 900,000 people who carry a QBPL card and approximately 13 million visitors in the past year.

Queens Borough Public Library Financial Summary

Dollars in Thousands

	2011 Actual	2012 Adopted	2012 Exec Plan	2013 Exec Plan	Difference* 2012–2013
QBPL	\$81,264	\$83,257	\$82,563	\$57,373	(\$25,884)
TOTAL	\$81,264	\$83,257	\$82,563	\$57,373	(\$25,884)

**Difference refers to the variance between the Fiscal 2012 Adopted Budget and the Fiscal 2013 February Plan.*

Impact

Below outlines the impact to the QBPL system as a result of the proposed \$26 million reduction in Fiscal 2013.

- **Impact on Headcount.** There would be 505 layoffs.
- **Impact on Service.** The average weekly hours of service would be reduced from 39 hours to 17.6 hours a week, a 21.4-hour reduction. The system would possibly close 18 branches. OTPS spending would remain flat for Fiscal 2013.

Other Adjustments

The Executive Budget provides funding for PS expenses and reduces funding for OTPS expenses: \$39,000 for a gross pay adjustment for DC 37 personnel; \$890,233 for health cost increases for personnel; and a \$64,473 reduction for heat, light, and power expenses.

Capital Program

Capital Program Goals

- ✓ To support service levels by maintaining, improving, and optimizing the operation of library facilities;
- ✓ To phase infrastructure improvements for full ADA compliant access at all sites;
- ✓ To preserve unique and irreplaceable collections through improved environmental systems, security, and fire protection, and increased storage capacity;
- ✓ To improve the management of data through enhancement of computerized records management systems; and
- ✓ To provide remote access to digital collections, expand personal computer stations and offer free internet service at the branch libraries by improving information technology systems.

Capital Budget Summary

There is \$488 million in the May 2012 Capital Commitment Plan for Fiscal 2012-2016 for the three public library systems (including City and Non-City funds). This represents about 1.2 percent of the City's total \$39.52 billion Capital Commitment Plan for Fiscal 2012-2016. The systems' May Commitment Plan for Fiscal 2012-2016 is 2.2 percent more than the \$477 million scheduled in the February Commitment Plan, an increase of \$10 million.

The majority of capital projects span multiple fiscal years, and it is therefore common practice for an agency to roll unspent capital funds into future fiscal years. For example, since adoption last June, the total Capital Commitment Plan for Fiscal 2013 has increased from \$7.35 billion to \$8.69 billion, an increase of \$1.33 billion or 24.9 percent. Therefore, the libraries would do the same with an increase of \$52 million or 108 percent in Fiscal 2013. However, due to the ten percent reduction last fiscal year to the ten-year plan, the libraries capital commitment plan in Fiscal 2012 has decreased from \$295 million at Adoption to \$288 million in the Executive Budget, a 2.3 percent reduction.

2012-2016 Commitment Plan: Preliminary and Executive Budget

Dollars in Thousands

	FY12	FY13	FY14	FY15	FY16	Total
Preliminary						
Total Capital Plan	\$331,333	\$48,815	\$49,920	\$45,550	\$2,045	\$477,663
Executive						
Total Capital Plan	\$288,110	\$101,556	\$50,920	\$45,550	\$2,045	\$488,181
Change						
Level	(\$43,223)	\$52,741	\$1,000	\$0	\$0	\$10,518
Percentage	-13.05%	108.04%	2.00%	0.00%	0.00%	2.20%

Capital Program Update

The Capital Variance Report indicates a high variance between the September Commitment Plan and the February Commitment Plan for two reasons: movement from one project to another project and the result of the ten percent reduction to the overall capital budget for libraries.

At the Preliminary Budget Hearing, the systems testified about various capital projects and critical maintenance needs. For NYPL, there are six major renovation projects occurring with one new branch being completed. The system has a backlog of about \$400 million in critical maintenance needs for the branches and research libraries. For BPL, there is a backlog of about \$240 million in critical maintenance needs at its branches. The system also pays the leases for seven branches. And for QBPL, there is a backlog of \$20 million in critical maintenance needs for its branches, and the system is in construction for about four new branches. The system pays the leases for about five to six branches.

Appendix A: Budget Actions in the November, February Executive Plans

<i>Dollars in Thousands</i>	FY 2012			FY 2013		
	City	Non-City	Total	City	Non-City	Total
NYPL Research	\$22,573	\$0	\$22,573	\$16,733	\$0	\$16,733
NYPL	112,851	0	112,851	81,625	0	81,625
BPL	84,482	0	84,482	60,973	0	60,973
QBPL	83,257	0	83,257	59,746	0	59,746
Agency Budget as of June 2012 Plan	\$303,162	\$0	\$303,162	\$219,076	\$0	\$219,076
Program to Eliminate the Gap (PEGs)						
NYPL Research	(\$451)	\$0	(\$451)	(\$1,004)	\$0	(\$1,004)
NYPL	(2,259)	0	(2,259)	(4,903)	0	(4,903)
BPL	(1,691)	0	(1,691)	(3,662)	0	(3,662)
QBPL	(1,666)	0	(1,666)	(3,588)	0	(3,588)
Total, PEGs	(\$6,067)	\$0	(\$6,067)	(\$13,157)	\$0	(\$13,157)
Other Adjustments						
DC-37 Adjustments to Gross Increase (NYRL)	\$32	\$0	\$32	\$15	\$0	\$15
DC-37 Adjustments to Gross Increase (NYPL)	82	0	82	37	0	37
DC-37 Adjustments to Gross Increase (BPL)	101	0	101	51	0	51
DC-37 Adjustments to Gross Increase (QBPL)	52	0	52	39	0	39
Heat, Light , and Power Adjustment (NYRL)	(263)	0	(263)	80	0	80
Heat, Light , and Power Adjustment (NYPL)	(615)	0	(615)	187	0	187
Heat, Light , and Power Adjustment (BPL)	(10)	0	(10)	(6)	0	(6)
Heat, Light , and Power Adjustment (QBPL)	29	0	29	(64)	0	(64)
Health Increment (NYRL)	192	0	192	192	0	192
Health Increment (NYPL)	697	0	697	697	0	697
Health Increment (BPL)	794	0	794	794	0	794
Health Increment (QBPL)	890	0	890	890	0	890
BPL (Efficiency Study)	100	0	100	0	0	0
NYPL (CPSD Reimbursement)	249	0	249	0	0	0
NYPL (CEO Funding)	0	0	0	350	0	350
BPL (CEO Funding)	0	0	0	350	0	350
QBPL (CEO Funding)	0	0	0	350	0	350
Total, Other Adjustments	\$2,331	\$0	\$2,331	\$3,962	\$0	\$3,962
NYPL Research	\$22,082	\$0	\$22,082	\$16,015	\$0	\$16,015
NYPL	111,005	0	111,005	77,993	0	77,993
BPL	83,776	0	83,776	58,500	0	58,500
QBPL	82,563	0	82,563	57,373	0	57,373
Agency Budget as of May 2012 Plan	\$299,426	\$0	\$299,426	\$209,882	\$0	\$209,882