

New York City Council

Christine C. Quinn, Speaker

Finance Division

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Hearing on the Mayor's Fiscal Year 2012 Executive Budget

Libraries

May 23, 2011

The Committee on Finance

Hon. Domenic M. Recchia, Jr., Chair

The Committee on Cultural Affairs, Libraries and International Intergroup Relations

Hon. James Van Bramer, Chair

Joint with Select Committee on Libraries

Hon. Vincent Gentile

Latonia McKinney, Deputy Director

Shadawn Smith, Principal Legislative Financial Analyst

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.

Financial Summary for the Libraries						
<i>Dollars in Thousands (Adjusted for prepayments.)</i>						
	2009 Actual	2010 Actual	2011 Adopted	2011 Exec Plan	2012 Exec Plan	Difference 2012–2011*
Research Libraries	\$31,946	\$37,436	\$23,000	\$22,154	\$16,733	(\$6,267)
NYPL	134,127	118,489	115,344	110,848	81,975	(33,369)
BPL	100,472	88,957	85,969	82,168	61,323	(24,646)
QBPL	99,763	87,156	84,197	81,073	60,096	(24,101)
TOTAL	\$366,308	\$332,038	\$308,510	\$296,243	\$220,126	(\$88,383)

**Difference refers to the variance between the Fiscal 2011 Adopted Budget and the Fiscal 2012 Executive Budget.*

The Fiscal 2012 Executive Budget reflects an \$88.3 million decrease when compared to the Fiscal 2011 Adopted Budget for the Libraries. However, the actual decrease in funding for the libraries that impacts service is \$90.3 million. This decrease can be attributed to two factors. First, the Fiscal 2011 Adopted Budget included approximately \$61.6 million in funding (including funding for Council initiatives, Programs to Eliminate the Gap [PEG] City Council and Mayoral restorations, and local discretionary). As Council funding is renegotiated annually and allocated on a one-time basis, it is not included in the Fiscal 2012 Budget. Second, the City's PEG program for the Libraries totals approximately \$29 million for Fiscal 2012, which is partially offset by other adjustments, for a difference of \$88.3 million in total.

Library Service Impact

The \$90.3 million, or 29 percent, change in funding from the Fiscal 2011 Adopted Budget to Fiscal 2012 for the three library systems. The impact of the \$90.3 million year-over-year loss is outlined below.

- 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-to-seven days of service to having branches closed and the remaining branches open during limited hours. If the reductions are implemented and the Council's and Mayoral funding is not restored, there would be approximately 40 branches closing in Fiscal 2012, specifically, the NYPL would close 10 branches, the BPL would close 16 branches, and the QBPL would close 14 branches.
- Headcount Reduction.** In addition, headcount reductions would occur as a consequence of this reduced funding. The majority of the proposed headcount reduction would be through layoffs, not attrition. If the \$90.3 million reduction is implemented, the projected layoff total for all three systems is approximately 1,500 positions.
- OTPS Spending.** The Other Than Personal Services spending was reduced or suspended in Fiscal 2011 to absorb the mid-year reduction to the libraries. These reductions in or suspension of spending would continue in Fiscal 2012, jeopardizing the integrity of each system's materials and book collection.

Fiscal 2011 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. However in Fiscal 2011, the Council and the Administration provided restorations to the systems. The Council provided approximately \$36.1 million and the Administration provided approximately \$25.4 million to partially restore cuts in Fiscal 2011. This \$61.5 million restoration is not included in the Fiscal 2012 Executive Budget, which accounts for the year-over-year reduction of \$90.3 million.

FY 2011 Changes at Adoption

Dollars in Thousands

	City Council	Administration	Total
Research Libraries - Partial PEG Restoration	\$2,238	\$1,762	\$4,000
NYPL Branches - Partial PEG Restoration	\$13,339	\$9,439	\$22,778
BPL - Partial PEG Restoration	\$10,076	\$7,083	\$17,159
QBPL - Partial PEG Restoration	\$10,461	\$7,103	\$17,564
TOTAL	\$36,114	\$25,387	\$61,501

New York Public Library System

New York Research Library Financial Summary

Dollars in Thousands

	2009 Actual	2010 Actual	2011 Adopted	2011 Exec Plan	2012 Exec Plan	Difference 2012–2011*
Research Libraries	\$31,946	\$37,436	\$23,000	\$22,154	\$16,733	(\$6,267)
TOTAL	\$31,946	\$37,436	\$23,000	\$22,154	\$16,733	(\$6,267)

* Difference refers to the variance between the Fiscal 2011 Adopted Budget and the Fiscal 2012 Executive Budget.

New York Public Library Financial Summary

Dollars in Thousands

	2009 Actual	2010 Actual	2011 Adopted	2011 Exec Plan	2012 Exec Plan	Difference 2012–2011*
Manhattan	\$26,057	\$26,537	\$26,561	\$26,561	\$26,299	(\$263)
Bronx	24,568	24,722	24,737	24,737	24,569	(168)
Staten Island	10,237	10,298	10,303	10,303	10,251	(52)
Systemwide Services	71,902	51,585	52,381	46,078	19,494	(32,887)
Consultant & Advisory Services	1,362	1,362	1,362	1,362	1,362	0
TOTAL	\$134,126	\$114,504	\$115,344	\$109,041	\$81,975	(\$33,369)

* Difference refers to the variance between the Fiscal 2011 Adopted Budget and the Fiscal 2012 Executive Budget.

Fiscal 2012 Executive Budget Actions

In the Fiscal 2012 Executive Budget for NYPL, other adjustments account for \$871,712 in health insurance cost increases and a \$688,854 decrease for heat, light, and power. Below is the possible impact to the NYPL system based on the proposed loss of \$39.7 million in funding for Fiscal 2012.

- ☑ **Budget Reductions.** The Fiscal 2012 Executive Plan includes an additional \$4.1 million reduction for Fiscal 2012 and the outyears to the research and branch libraries. With this new PEG, the \$8.9 million PEG from the Fiscal 2011 November Plan, and the loss of \$26.7 million in restoration funding, the total reduction in Fiscal 2012 to NYPL is \$39.7 million.
- ☑ **Impact on Headcount.** There would be a loss of 687 positions with 615 positions eliminated through layoffs.
- ☑ **Impact on Service.** The average weekly hours of service would be reduced from 47 hours to 28 hours a week, which is a 19-hour reduction in service. The system would possibly close ten branches. Other Than Personal Services (OTPS) spending, includes spending on materials and collections, would remain flat in Fiscal 2012.

Brooklyn Public Library System

Brooklyn Public Library Financial Summary

Dollars in Thousands

	2009 Actual	2010 Actual	2011 Adopted	2011 Exec Plan	2012 Exec Plan	Difference 2012-2011*
BPL	\$100,472	\$88,957	\$85,969	\$82,168	\$61,323	(\$24,646)
TOTAL	\$100,472	\$88,957	\$85,969	\$82,168	\$61,323	(\$24,646)

* Difference refers to the variance between the Fiscal 2011 Adopted Budget and the Fiscal 2012 Executive Budget.

Fiscal 2012 Executive Budget Actions

In the Fiscal 2012 Executive Budget for BPL, other adjustments account for \$751,335 in health insurance cost increases and a \$220,213 decrease for heat, light, and power. Below is the possible impact to the BPL system based on proposed loss of \$25.2 million in funding for Fiscal 2012.

- ☑ **Budget Reductions.** The Fiscal 2012 Executive Plan includes an additional \$2.5 million reduction for Fiscal 2012 and the outyears to the system. With this new PEG, the \$5.5 million PEG from the Fiscal 2011 November Plan, and the loss of \$17.2 million in restoration funding, the total reduction in Fiscal 2012 to BPL is \$25.2 million.
- ☑ **Impact on Headcount.** The overall funding reduction would result in a loss of 560 positions with 400 positions eliminated through layoffs.
- ☑ **Impact on Service.** The average weekly hours of service would be reduced from 44 hours to 30 hours a week, which is a 14-hour reduction in service. The system would possibly close 16 branch libraries. The OTPS spending was reduced by \$2 million to absorb the mid-year reduction in Fiscal 2011 and would remain at this reduced spending level for Fiscal 2012.

Queens Borough Public Library

Queens Borough Public Library Financial Summary

Dollars in Thousands

	2009 Actual	2010 Actual	2011 Adopted	2011 Exec Plan	2012 Exec Plan	Difference 2012–2011*
QBPL	\$99,763	\$87,156	\$84,197	\$81,073	\$60,096	(\$24,101)
TOTAL	\$99,763	\$87,156	\$84,197	\$81,073	\$60,096	(\$24,101)

* *Difference refers to the variance between the Fiscal 2011 Adopted Budget and the Fiscal 2012 Executive Budget.*

Fiscal 2012 Executive Budget Actions

In the Fiscal 2012 Executive Budget for QBPL, other adjustments account for \$1.1 million in health insurance cost increases and an increase of \$142,614 for heat, light, and power. Below is the possible impact to the QBPL system based on proposed loss of \$25.3 million in funding for Fiscal 2012.

- ☑ **Budget Reductions.** The Fiscal 2012 Executive Plan includes an additional \$2.4 million reduction for Fiscal 2012 and the outyears to the system. With this new PEG, the \$5.3 million PEG from the Fiscal 2011 November Plan, and the loss of \$17.6 million in restoration funding, the total reduction in Fiscal 2012 to QBPL is \$25.3 million.
- ☑ **Impact on Headcount.** The overall funding reduction would result in a loss of 471 positions eliminated through layoffs.
- ☑ **Impact on Service.** The average weekly hours of service would be reduced from 39 hours to 26 hours a week, which is a 13-hour reduction in service. The system would possibly close 14 branches. All OTPS spending was suspended to absorb the mid-year reduction in Fiscal 2011 and would remain suspended for Fiscal 2012.

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.

2011-2015 Commitment Plan: Adopted and Executive Budget

Dollars in Thousands

	FY11	FY12	FY13	FY14	FY15	Total
Adopted						
Total Capital Plan	\$295,885	\$17,966	\$36,883	\$4,400	\$4,400	\$355,134
Executive						
Total Capital Plan	\$260,920	\$50,535	\$32,361	\$3,920	\$1,919	\$349,655
Change						
Level	(\$34,965)	\$32,569	(\$4,522)	(\$480)	(\$2,481)	(\$5,479)
Percentage	-11.82%	181.28%	-12.26%	-10.91%	-56.39%	-1.54%

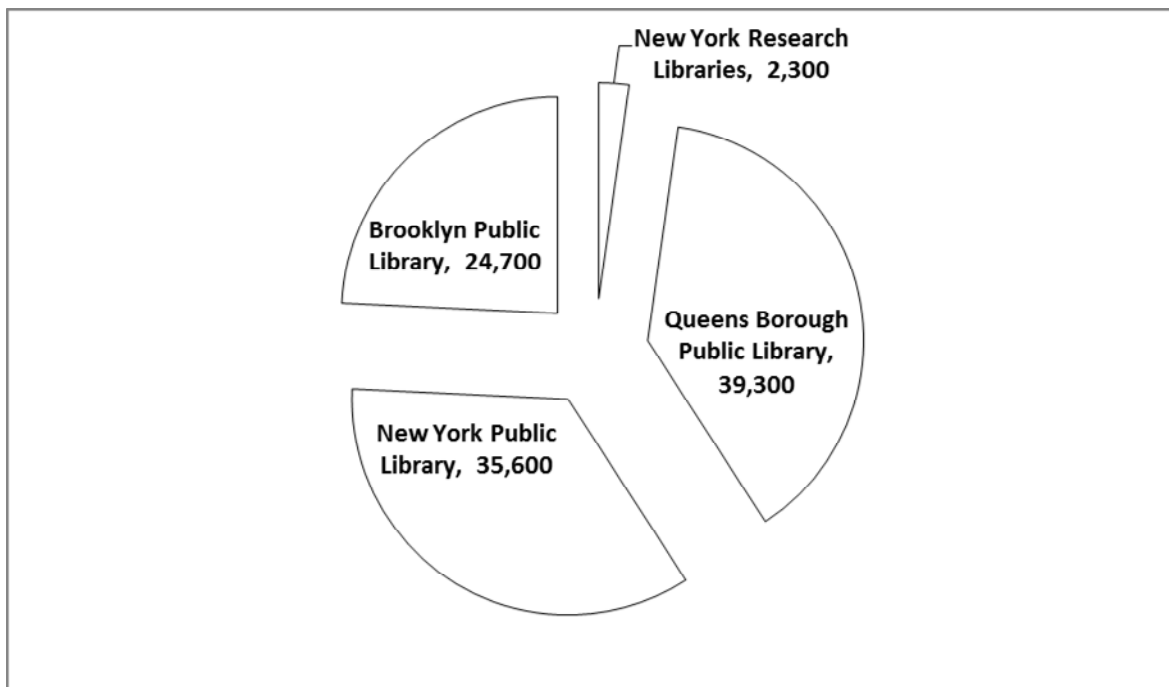
Over the past five years (2006-2010) the Libraries have only committed an average of 26 percent of its annual capital plan. Therefore, it is assumed that a portion of the agency's Fiscal 2011 Capital Plan will be rolled into Fiscal 2012, which increases the size of the Fiscal 2012-2015 Capital Plan. Since adoption last June, the Capital Commitment Plan for Fiscal 2011 has decreased from \$295 million to \$260 million, a reduction of \$34 million or 11 percent.

The Ten-Year Capital Strategy for the Libraries includes a total of \$101 million in funding, which is mostly for the essential reconstruction of facilities.

The Libraries: Executive Ten-Year Capital Strategy

Dollars in Millions

	NYPL Branches	NYPL Research	QBPL	BPL	Total
Essential Reconstruction of Facilities	\$19.3	\$1.0	\$5.6	\$24.1	\$50.0
Improvements to Existing Facilities	10.4	1.1	0.0	0.0	11.5
Expansion and Construction of Facilities	5.9	0.0	0.0	0.0	5.9
Support Services Improvements	0.0	0.2	4.1	0.0	4.3
Replacement Branches	0.0	0.0	20.4	0.0	20.4
Reconstruction Necessary to Maintain Facilities	0.0	0.0	9.2	0.6	9.8
TOTALS:	\$35.6	\$2.3	\$39.3	\$24.7	\$101.9



Appendix A: Budget Actions

<i>Dollars in Thousands</i>	FY 2011			FY 2012		
	City	Non-City	Total	City	Non-City	Total
NYPL Research	\$23,000	\$0	\$23,000	\$18,970	\$0	\$18,970
NYPL	115,344	0	115,344	92,216	0	92,216
BPL	85,969	0	85,969	68,461	0	68,461
QBPL	84,197	0	84,197	66,301	0	66,301
Agency Budget as of June 2011 Plan	\$308,510	\$0	\$308,510	\$245,948	\$0	\$245,948
Program to Eliminate the Gap (PEGs)						
NYPL Research	(\$1,242)	\$0	(\$1,242)	(\$2,216)	\$0	(\$2,216)
NYPL	(6,163)	0	(6,163)	(10,795)	0	(10,795)
BPL	(4,591)	0	(4,591)	(8,019)	0	(8,019)
QBPL	(4,480)	0	(4,480)	(7,765)	0	(7,765)
Total, PEGs	(\$16,476)	\$0	(\$16,476)	(\$28,795)	\$0	(\$28,795)
Other Adjustments						
NYPL (CEO Funding)	(\$70)	\$0	(\$70)	\$350	\$0	\$350
BPL (CEO Funding)	(55)	0	(55)	350	0	350
QBPL (CEO Funding)	(70)	0	(70)	350	0	350
NYRL FY10 Health Insurance Vouchering Error Correction	195	0	195	0	0	0
NYPL-CPSD (Capital Project Scope Development) Reimbursement	1,015	0	1,015	0	0	0
NYRL FY12 Executive Plan Health Insurance Increase	186	0	186	186	0	186
NYPL FY12 Executive Plan Health Insurance Increase	686	0	686	686	0	686
BPL FY12 Executive Plan Health Insurance Increase	751	0	751	751	0	751
QBPL FY12 Executive Plan Health Insurance Increase	1,068	0	1,068	1,068	0	1,068
NYRL FY12 Executive Plan Heat, Light, and Power Adjustment	16	0	16	(207)	0	(207)
NYPL FY12 Executive Plan Heat, Light, and Power Adjustment	36	0	36	(482)	0	(482)
BPL FY12 Executive Plan Heat, Light, and Power Adjustment	93	0	93	(220)	0	(220)
QBPL FY12 Executive Plan Heat, Light, and Power Adjustment	358	0	358	143	0	143
Total, Other Adjustments	\$4,209	\$0	\$4,209	\$2,975	\$0	\$2,975
NYPL Research	\$22,155	\$0	\$22,155	\$16,733	\$0	\$16,733
NYPL	110,848	0	110,848	81,975	0	81,975
BPL	82,168	0	82,168	61,323	0	61,323
QBPL	81,073	0	81,073	60,097	0	60,097
Agency Budget as of May 2012 Plan	\$296,243	\$0	\$296,243	\$220,128	\$0	\$220,128