



2016 Erie County Legislature – Finance, Management & Budget
Committee Hearing
Tuesday, November 10, 2015
11:00 a.m.

**Ted Johnson, Chair, Buffalo & Erie County Public Library
Board of Trustees:**

Good morning and thank you for having us here today. On behalf of the Buffalo & Erie County Public Library (B&ECPL) System, please accept my sincerest appreciation for your time and support.

[Recognize any trustees in attendance]

Libraries continue to be vital to our communities. Through September of this year, nearly 2.4 million patrons have visited our libraries and more than 5.4 million items have been borrowed. Programs are in high demand with attendance to date surpassing 124,000. Our staff and Administration work very hard to meet the demands of our constituents. Along with the Board of Trustees from all of our libraries, we have reiterated our community focus – further developing partnerships and seeking new collaborations to advance our services and provide for the information, education and entertainment needs of the residents of Erie County.

I would like to express my gratitude to Erie County Executive Mark Poloncarz for his support and recommendation of increased

funds for our libraries in his proposed 2016 budget. I hope you will support this increase which will allow us to continue our current level of open hours and services.

Mary Jean

Mary Jean Jakubowski, System Director:

Good morning. Thank you Ted and thank you to the members of the Erie County Legislature for providing us this opportunity to comment on the 2016 proposed budget.

I would like to publicly express our thanks to each of you for your continued support and recognition of the importance of libraries to your/our communities. Mr. Lorigo – thank you for sponsoring a resolution repurposing community service funds that recently became available to other community service agencies serving the same population including the Aurora Town, Elma, Marilla and West Seneca Libraries. Programs are being planned and we are grateful for your recognizing the need of your communities.

The 2016 budget proposed by County Executive Poloncarz contains an increase of \$460,227. We are grateful for the increase and will use the funds to maintain open hours and services. We sincerely hope you will support these increased funds.

Libraries as you know are economic incubators, lifelong learning centers, gathering places, cultural institutions and for many, the great equalizers – where all are welcome and where anyone can transform their life.

In 2015 we offered job fairs, conducted a multitude of training programs including but not limited to technology programs, resume writing, online job searching, literacy development, and English as a Second Language. We provided author talks, educational lectures, Comic Con, story hours, teen time, summer reading programs, knitting classes, art classes, holistic medicine programs – you name it and it is likely we held a program or made a connection. We have hosted medical seminars and reached out to underserved populations such as the homeless, refugees and those living in economically deprived areas. We have developed new partners and furthered our collaborations with educational institutions, cultural organizations, and businesses. We have introduced our Launch Pad, created a 3,000 square foot exhibit showcasing rare and unique treasures from our Special Collections and created a STEM - Science, Technology, Engineering and Mathematics' - Educational Center, all within our budget – through the creative repurposing of resources and all done to meet the changing needs of our communities.

Again, we are grateful for the additional funding provided County Executive Poloncarz proposed 2016 budget and I wish to assure you, the B&ECPL will continue to provide cost-effective services to enrich the lives of Erie County residents. It is important to note, however, that due to the increase in contractually obligated costs (in particular retiree health care – an area I am sure you are also grappling with), the additional funds are critical to sustaining Library services and hours.

Mr. Stone will provide you with details pertaining to this matter.

Kenneth Stone – Chief Financial Officer:

Thank you for the opportunity to provide an overview of the 2016 budget request.

The 2016 Operating and Grants Budget sustains library operations and services, with a 2.1% increase over 2015. Further, it incorporates the impacts of contractually obligated costs related to current labor agreements and benefits. Those agreements provide for modest wage adjustments as well as employee contributions towards the cost of health care and provisions limiting the employer share of both active and retiree health care costs over the longer term.

Given that the property tax base is estimated to grow by approximately 5.49%, the 2016 Library Tax rate will actually decrease as the Library Tax Levy is proposed to grow by 2.0%, which is consistent with the County's four-year plan.

The Library's proposed budget is summarized in the 2016 *Proposed Budget in Brief Charts* handout which I will now review:

Turning to pages 2 and 3 you will see a bottom line summary of Library Operating and Recurring Grant funding.

Library operating funding under the proposed budget would increase 2.0%. Adding recurring grants, the combined funding would increase 2.1%.

On page 4 you will see County funding for the Library going back to the turn of the century (the year 2000).

As you are aware, Library funding experienced significant swings, with three major budget cutbacks in the last decade. Recent years have seen stabilized funding which has supported open hour and program/service restorations and improvements. The 2% County funding increase proposed for 2016 will help the Library sustain services in the face of significantly increased contractually obligated costs. Also worthy of note is that since 2000, consumer prices have increased over 40%.

The **chart on page 5** details the County and New York State support provided to the Library from 2009 through 2014 plus the estimated budget amounts for 2015 and 2016. County funding recovered from the 2011 budget cut, with 2016 proposed funding up 6% from 2010's amount. Over the same period, consumer prices have increased approximately 13%.

Page 6's chart shows the change in contractually obligated expenses for active employee and retiree health care, NY State Retirement employer contributions and utilities over the same period. 2016 expenses for these costs, despite reductions in library staffing levels, have increased 51% over 2009.

The impact on B&ECPL **personnel costs and staffing over the period are discussed on pages 7-9.**

The chart on **page 7** shows the dichotomy between salaries and wage expense, which is up only 1.5% from 2009 and the cost of fringe benefits which have risen 52.4% from 2009.

Page 8 provides detail on salary and wage changes.

Overall, the 2016 Proposed Budget's salary and wage expense, at \$14,457,295, is a 2.7% increase from the 2015 adopted budget's \$14,078,179. 2016's increase reflects the impact of contracted colas and a 2.9% (\$0.25 per hour) increase in the minimum wage.

Page 9 provides line item detail for fringe benefit expense.

2016 proposed fringe benefit budget expense, at \$7,205,790, reflects a 10.7% increase above the 2015 adopted budget. The main factor of the increase is health care costs for both active employees and retiree medical – with the majority of the impact a result of increased retiree health care costs. Let me explain:

Increased utilization reflecting 2015 year-to-date experience for active employees combined with an estimated 5% rate increase has led to the 2016 proposed budget increase of \$348,973 (15.6%).

The change for retiree health expense is even more dramatic. The impact of 2014 County Labor agreement changes (in our case, the CSEA agreement) accelerated retirements towards the end of 2014 and this is now impacting retiree health care expense in 2015, which year-to-date as of September month end stood at \$1,075,590 (this equates to nearly 15% of the Library's Full and Regular Part-Time payroll). Using this trend, a projected 2015 expense of over \$1.4 million is more than \$400,000 over budget. This results in a 2016 estimated cost of \$1,522,245, up \$522,891 (52.3%).

While the bargaining agreements do include provisions to significantly mitigate the impact of both active and retiree health care costs, phase in of these provisions will occur over many

years, with greater cost mitigation occurring further in the future. Today, we face significant increases in cost.

Helping to partially offset the health care related cost increases, 2016 estimated contributions to the New York State and Local Employees Retirement System are expected to decrease by \$303,820. This reflects a decrease in NYSERS 2016-2017 rates for all Tier factors in the continued shift from higher cost Tiers to the new lower cost Tier 6 retirement plan as staff turnover occurs.

Important to note, fringe benefit costs are now \$2,476,152 which is 52.4% ABOVE their costs in 2009.

Equally important to note....had the Library not experienced staffing reductions, the increases would have been dramatically higher and we would be facing additional budget challenges.

Moving on to staffing and service trends -

Page 10 shows the change in Full-time equivalent (FTE) positions since 2009 for Library Operating and Grants.

Total FTE in 2016 is unchanged from 2015's adopted budget. Operating and grant FTE staffing remains 16% lower than it was in 2009.

Page 11 shows the Library has focused on providing access via Weekly Open Hours.

2016 Weekly Open Hours are unchanged from current hours. Current hours are 1.5% (26 hrs/week) below the open hours provided in 2009.

Page 12 shows the trends in the Library Materials Budget.

Demand for Library services continues.

Library use tends to be counter-cyclical increasing during tough economic times and moderating when the economy improves. While weekly open hours are modestly lower, **Library visits and Circulation, shown on page 13**, are near 2007 levels (the recession officially began in December 2007 and “officially” ended in June 2009).

Patron program attendance and use of Library technology remain at significantly higher levels.

As the chart on **page 14** shows, program attendance has grown 61% over 2007, while computer use has grown 87%.

Additionally, all libraries provide free Wi-Fi which in 2014 was accessed almost 220,000 times.

The chart on page 15 places the Library property tax support in context.

The Library Property Tax share of a typical property owner’s total property taxes paid is very small. The chart shows the proportions a village property owner paid in taxes by entity in 2015 for which the Library Tax is 1.6% of the total.

Pages 16-18 focus on the 2016 Proposed Operating Budget, with **page 16** showing revenue composition, **page 17** showing expenditures by type, and **page 18** showing expenditures by function.

Peer institution comparison data is presented on **pages 19-20**.

The data is derived from the Public Library Data Service (PLDS) 2015 report (2014 FY data) for reporting libraries serving populations between 800,000 and 1 million and shows that out of the 21 major comparison library systems, B&ECPL:

- Ranked 5th in size of service area – 1,043 square miles;
- Had an average branch size that is well below the median – ranking 19th;
- Featured the 19th lowest cost per yearly open hour; and
- Ranked 16th in both actual dollars and per-capita operating expenditures.

The final charts show the value of library services returned to the community in 2014 – a ratio of \$5.75 per library tax dollar.

In addition to the charts I have just reviewed, your packet also includes a handout showing Library Operating and Grants by Line Item which provides additional detail for your information.

Thank you for your interest and support.

Chair Johnson, Director Jakubowski and I would be happy to answer your questions.