



2018 Erie County Legislature – Finance, Management & Budget
Committee Hearing
Tuesday, November 14, 2017
12:00 pm.

**Frank Housh, Chair, Buffalo & Erie County Public Library
Board of Trustees:**

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

[Recognize any trustees in attendance]

Libraries continue to be vital to our communities. By the end of October of this year, nearly 2.6 million patrons have visited our libraries with over 160,000 attending programs onsite and an additional nearly 30,000 attending programs offsite. WiFi usage approached 439,000 logins and in-library computer use topped 544,000. Material usage has wavered; however through the end of October, over 5.5 million items have been borrowed.

Our staff and Administration work very hard to meet the demands of our constituents. Along with the boards 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 2018 budget. I hope you will support this increase, which will allow us to continue to provide quality library services to Erie County's residents and taxpayers.

Mary Jean

Mary Jean Jakubowski, System Director:

Good afternoon. Thank you Frank and thank you to the members of the Erie County Legislature for providing us this opportunity to comment on the 2018 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.

As you have heard from our statistics, we are busy!

The 2018 budget proposed by County Executive Poloncarz contains an increase of two percent, \$478,872. We are grateful for the increase and will use the funds to support open hours and services, while maintaining use of fund balance at a moderate level. To do such, 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 2017, we continued to expand services to the rural areas of the County using our new high-tech Library on Wheels, which began providing service in June 2016. Today, we are pleased to say that today we offer regular stops in Brant, Sardinia, Evans, Wales, and Holland. AND we are offering service in the Villages of Depew and Blasdell areas that had libraries close in 2005. The Library on Wheels can also be found at local festivals and events and serving senior centers and nursing homes. Literally, the Library on Wheels is traversing the County as well as meeting the needs of residents where physical libraries are not present OR where folks may struggle to get to the library.

2017 has brought job fairs and training programs including but not limited to technology programs, resume writing, online job searching, literacy development, and English as a Second Language. We continue to provide 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 actively reach out to underserved populations such as the homeless, refugees, and those living in economically deprived areas.

We regularly work to develop new partners and further our collaborations with educational institutions, cultural organizations, and businesses.

I'll say it again, we are busy!

And now, Mr. Stone will provide you with details pertaining to our 2018 budget.

Kenneth Stone – Chief Financial Officer:

Thank you for the opportunity to provide an overview of the 2018 budget request.

The 2018 Operating and Grants Budget sustains library operations and services, with a 1.6% increase in expenditures over 2017. Further, it incorporates the impacts of contractually obligated costs related to current labor agreements and benefits as well as provides contractual salary reserves for those labor units operating under expired contracts. Current 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. The proposed budget also provides for a 70 cent per hour increase in the minimum wage, pursuant to New York State Law.

Given that the property tax base is estimated to grow by approximately 5.91%, the 2018 Library Tax rate will actually decrease modestly as the Library Tax Levy is proposed to grow by 2.0%.

The Library's proposed budget is summarized in the *2018 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 1.6% with the smaller state grants budget not increasing over the Adopted Budget for 2017. The combined funding increase still averages 1.6%.

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 2018 will help the Library sustain services in the face of increased contractually obligated costs. Also worthy of note is that since 2000, consumer prices have increased over 47%.

The **chart on page 5** details the County and New York State support provided to the Library from 2009 through 2016 plus the estimated budget amounts for 2017 and 2018. County funding recovered from 2011 budget cuts with 2018 proposed funding up 10% from 2009's amount. Over the same period, consumer prices have increased approximately 18%.

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. 2018 expenses for these costs, despite reductions in library staffing levels, have increased 47% 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 3.5% from 2009 and the cost of fringe benefits which have risen 51.5% from 2009.

Page 8 provides detail on salary and wage changes.

Overall, the 2018 Proposed Budget's salary and wage expense, at \$14,739,125, is 1.2% above the 2017 adopted budget's \$14,557,265. 2017's increase reflects the impact of contracted colas and a 7.8% (\$0.70 per hour) increase in the minimum wage. Over the 10 budget years shown Salaries and Wages have increased only 3.5%.

Page 9 provides line item detail for fringe benefit expense.

2018 proposed fringe benefit budget expense, at \$7,163,530, reflects a 2.8 decrease from the 2017 adopted budget's \$7,370,157. The main factors involve health care and NY State Employee Retirement costs. Let me explain:

Moderating utilization compared to original budget estimates and phase in of negotiated employee cost participation for active employees combined with an estimated 6% rate increase has led to the 2018 proposed budget decrease of \$121,987 (4.5%) to \$2,593,704. Similar factors lead to a retiree health expense 2018 estimated cost of \$1,629,339, up a modest \$20,755 (1.3%).

Recent bargaining agreements include provisions to 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. We closely monitor these costs.

2018 estimated contributions to the New York State and Local Employees Retirement System are expected to decrease by \$115,441 (6.8%). NYSERS 2018-2019 rates for all Tiers remained essentially flat from last year (Tiers 1 and 6 unchanged; while Tiers 2, 3, 4, and 5 decreased by 0.1% of eligible payroll). That and a continued shift from higher cost Tiers to the new lower cost Tier 6 retirement plan as staff turnover occurs resulted in the decreased cost.

It is important to note that fringe benefit costs for library employees for 2018 are estimated at \$7,163,530, which is \$2.4 million (51.5%) above their costs in 2009.

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 2018 is down 3 from 2017's adopted budget from 400 to 397 in the 2018 Proposed Budget. Net Full time position counts are unchanged from 2017 at 209 (consisting of 203 in the Operating fund and 6 in recurring grants). Overall, operating and grant FTE staffing levels are 18% lower than they were in 2009.

As mentioned in prior years' budget briefings, the Library continually assesses the staffing patterns needed to provide quality public services within the context of constrained funding. This includes reviewing vacancies as they occur to determine the

optimal course forward which may be filling the position; deleting a position to create a different [position] that better meets the changing needs at the library; and/or deleting the position altogether.

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

Weekly Open Hours have recovered from their 2011 nadir, with proposed 2018 hours of 1,665 being up 107 (7%) from the 1,558 weekly open hours provided in 2011.

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. Additionally, how libraries are used continues to evolve.

2007-2016 Circulation and Library visits are shown on page 13. Circulation is off 5% and visits off 11% from 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 81% over 2007, while computer use comes in at 61% above 2007.

Additionally, all libraries provide free Wi-Fi which in 2016 was accessed over 826,000 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 small. The chart shows the proportions a sample village property owner paid in taxes by entity in 2017 for which the Library Tax is 1.5% of the total.

Pages 16-18 focus on the 2018 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) 2016 report (2015 FY data) for reporting libraries serving populations between 800,000 and 1 million and shows that out of the 20 major comparison library systems, B&ECPL:

- Ranked 4th in size of service area – 1,043 square miles;
- Had an average branch size that is well below the median – ranking 18th;
- Featured the 18th lowest cost per yearly open hour; and
- Ranked 15th in both actual dollars and per-capita operating expenditures.

The final charts show the value of library services returned to the community in 2016 – a ratio of \$5.47 per library tax dollar.

The charts I have just reviewed, along with budget narratives and additional detail, have been posted to the Library's website, accessible by Googling "*B&ECPL Budget Information*".

Thank you for your interest and support.

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