

MEMORANDUM

DATE: March 12, 2010¹

TO: Chair Jeff Cogen
Citizen Involvement Committee

FROM: Multnomah County Library Advisory Board (LAB)

SUBJECT: Library Advisory Board FY 2010-2011 Budget Report and Recommendations

The Library Advisory Board admires and appreciates Multnomah County Library's successes in serving our diverse community and the corresponding national recognition it has received. For many vulnerable people in our community, the library is a critical source of internet access, educational resources, and free, family-oriented activities. The library's outreach programs target services to children and their families who are most at risk, and the emphasis on collections and programs for immigrants has helped many new residents find their place in our community. Library staff has also shown themselves to be forward-thinking in terms of system and process improvements as evidenced by their attention to such advancements as materials movement enhancements and managing internal services costs. With increases in use across the board, the library has proven itself to be essential to the health of our neighborhoods during this difficult economic time while finding efficiencies and keeping costs down.

We celebrate two stellar honors the library received in 2009:

- Named one of five library recipients (out of over 122,000 libraries nationwide) of the 2009 National Medal for Museum and Library Services, the nation's highest honor for museums and libraries. The Multnomah County Library was specifically recognized for its services directed at foreign-born citizens, active seniors, and children.
- Named a five-star library, the highest ranking possible, by *Library Journal*, the nation's oldest and most respected publication covering the library field. This is the second consecutive year that the Multnomah County Library has received this honor.

PROCESS

In accordance with the ordinance that established the Library Board in 1990, the Library Advisory Board (LAB) serves as the Library's Citizen Budget Advisory Committee (CBAC). This 17-member, independent citizens group holds monthly meetings throughout the year. The LAB is well-educated on library operations, programs, policies, and priorities, as well as issues facing public libraries and the library's budget. A subcommittee of the LAB, the Finance

¹ This memorandum was updated with footnotes by the LAB Finance Committee on May 24, 2010.

Committee, was tasked with conducting an in-depth review of the library's budget and reporting back to the LAB. The Finance Committee met four times over the winter and has reported to the LAB on a monthly basis. Library Director Vailey Oehlke and Deputy Director Becky Cobb attended these meetings and provided information, reports, and budget briefings for the Committee's review. The Finance Committee reviewed Director's priorities, past program offers, performance measures, internal service rates, cost center analyses, past budget-to-actual figures by program offer, library levy fund goals and forecasts, and General Fund constraint calculations. This review has informed the Finance Committee's assessment of the proposed library budget. The LAB has authorized the Finance Committee to submit this report on its behalf.

MAJOR CHANGES

We note two major developments that are taking place in the FY 2009-2010 budget: the completion of the new branch libraries in Kenton and Troutdale and the implementation of the first phase of the radio frequency identification technology (RFID) circulation and theft detection system. The opening of the new libraries meets a central goal of the 2006 voter-approved, library levy, and the RFID project positions the library to effectively support growing demand for circulation services in a cost-effective manner. In total, these projects represented \$5.8 million of one-time-only funds in the FY 2009-2010 budget. Although the completion of the RFID project will carry over into FY 2010-2011, the library's budget request is reduced overall due to the work that was completed on these projects in FY 2009-2010. The LAB supports these changes and the ongoing commitment of the library staff to meeting the goals of the library levy, discussed below.

RECOMMENDATIONS AND CONCERNS

Program Offers

The Library's FY 2010-2011 budget request represents the fourth year of the current five-year operating levy, approved by Multnomah County voters in November 2006. The Library's program offers/services reflect this voter decision. The levy language is in bold below:

- ***“Keep libraries open; maintain current hours and services at Central and neighborhood libraries. Maintain free access to information; update books and materials. Open planned libraries in underserved neighborhoods of East County and North Portland.”*** We believe that the program offers for the Central Library (80000), Regional Libraries (80001), and Neighborhood Libraries (80002) will sustain the current level of services and open hours, as well as provide for full-year operations of the new libraries in Kenton and Troutdale.
- ***“Continue books delivery to homebound seniors and nursing home residents.”*** We believe that the Adult Outreach program offer (80006) will continue these services as well as provide services to shelters, transition homes, jails, and adult foster care homes.

- *“Continue programs for school age children, story hours for babies and toddlers, summer reading, literacy services for children in child care, programs for teens; help teachers and students use library resources; provide homework helpers to assist children with school work.”* We believe that, in conjunction with the Central, regional and neighborhood library program offers, the Early Childhood Services (80004) and School Age Services (80003) program offers will adequately provide these services on an outreach basis.

The Finance Committee made detailed recommendations to library staff on performance measures for these and other program offers. We have observed an ongoing commitment by staff to continuously improve accountability in all service areas. We endorse the above program offers as consistent with the language and intent of the levy, and as strong contributors to the well-being and quality of life for County residents.

Budget Reductions

In the FY 2009-2010 budget request, the library made the following reductions in order to meet that year’s 12% General Fund constraint:

- \$41,860 from repairs & maintenance;
- \$108,889 from travel & training;
- \$500,000 from the Library’s book budget;
- \$1,362,411 from the Library’s carryover balance

For the FY 2010-2011 budget request, the reductions in repairs and maintenance as well as travel and training are largely continued. We support the library’s proposed restoration of the \$500,000 reduction to the book budget because we feel that maintaining a robust collection is critical to the library’s ongoing ability to meet community needs. Once again, the library is obligated to use dollars from its carryover balance in order to balance revenues against ongoing expenditures and to meet the 4% General Fund constraint. The amount for the coming year is \$3.1 million.²

EMERGING ISSUES AND CONCLUSION

The LAB believes that strong and stable institutions like the library are a key to the sustained success of the County and its citizens. We understand the revenue difficulties that the County has had to address over the last several years. However, we are very concerned about the ongoing reductions in the County’s General Fund transfer to the library (4% reduction during FY 2008-2009, 12% for FY 2009-2010, and another 4% for FY 2010-2011) because it impedes the long-term stewardship of the institution.

When the current levy rate was set as part of the financial planning for the 2006 levy election, the members of the Levy Committee worked hard to establish an understanding with the then-Board of County Commissioners regarding the level of General Fund support. The Levy

² The amount of carryover balance required for the coming year has been re-calculated at \$1.9 million because of a revised property tax estimate and addition of a one-time-only cash transfer to support implementation of the materials movement project in the Chair’s budget.

Committee accepted the notion of a reduction in the General Fund at that time with the expectation that the planned level of General Fund support would be maintained throughout the life of the levy. Based on that understanding, the 2006 levy rate was increased 13.5 cents, with 9 cents of that increase directly attributable to the loss of General Fund revenue.

Here's where we now stand with the General Fund transfers against the 2006 levy financial plan:

	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12
GF Revenue - levy plan	15,891,216	16,367,952	16,858,991	17,364,761	17,885,704
GF Received	15,816,803	15,635,772	13,927,775	14,293,244 ³	
Deficit	(74,413)	(732,180)	(2,931,216)	(3,071,517) ⁴	

This is a total projected loss of over \$6.8 million⁵.

These General Fund reductions will have a dramatic and negative effect on the rate of a new levy and, therefore, its potential success. The library's ability to continue to maintain the services promised in the current levy depends on the viability of the financial plan that was agreed on in 2006. The ability of the library's stakeholders to plan for and help pass a new levy depends significantly on the trust that can be counted on during the levy planning process. The planning for a new levy will begin soon.

It is our respectful recommendation that the County make General Fund provision for the library as initially planned during the 2006 levy planning process or support efforts to move the library to a more stable funding model for the future.

LIBRARY ADVISORY BOARD MEMBERS

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³ The new projected amount of General Fund received is \$15,093,244.

⁴ The new projected FY10-11 deficit from the levy plan amount is \$2,271,517.

⁵ The revised amount of the total projected loss is over \$6 million for the first five years of the levy.