

## MEMORANDUM

**TO:** Chair Jeff Cogen  
Board of Multnomah County Commissioners

**FROM:** Library Advisory Board

**DATE:** March 16, 2012

**SUBJECT:** Library Budget for FY2013

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The Multnomah County Library is about to embark on a period of significant service reductions that will change our experience of this beloved institution. While we are disappointed to be at this juncture, we remain dedicated to advising you to the best of our ability on the present budget proposal. The proposed FY2013 library budget will reduce the range of services that are helping the community through a prolonged economic downturn, but we believe that the reductions proposed are the right ones to make in order to meet the mandated and reduced funding level. We do not relish the idea of having to explain to people why their vote for the May levy is really a choice between the bad and the worse, but with your leadership we are trusting to see a successful reversal in time for FY2014.

The Library Advisory Board continues to have the utmost confidence in library staff as demonstrated by their performance under the November 2006 levy that ends this year. We believe that your staff exceeded expectations for performance on this levy that was designed to:

- keep libraries open;
- maintain 53 to 58 hours per week of available service;
- open and operate two planned libraries in underserved parts of the community (Kenton and Troutdale);
- update books and materials in the collection; and
- continue programs for babies and toddlers' story hours, school-age children, summer reading and programs for teens, assisting teachers and students to use library resources, and book delivery to homebound seniors.

These commitments to the community were exceeded because they were done during a time of significant, unforeseen growth in citizen use and demand for library services as evidenced in that:

- checkouts went up every year over the course of the levy for a 31% total increase;
- library visits jumped by 28%; and
- website visits increased by 42% with development of e-book and music availability.

Library expenditures over the levy period were maintained at the anticipated 17% growth and within \$2.7 million (1%) of the \$288.2 million overall budget projected in 2006.<sup>1</sup> This was done:

- while absorbing a 28% increase in internal service costs for county services such as telecommunications, IT, fleet, facilities, and central indirect costs;
- while completing an unforeseen and urgent fire safety and security repair at the John Wilson room in the Central Library that will cost nearly \$1 million;
- by increasing staff productivity on checkouts per person by 24%;
- by adjusting supervisor-to-staff ratios to stay within county guidelines; and
- by researching, acquiring, and implementing a Radio Frequency Identification Technology (RFID) circulation and theft detection system.

With the close of the 2006 levy, huge challenges face the library both in the short- and long-term ability to deliver services that are increasing in demand in Multnomah County. We are extremely pleased with the performance by library staff on the 2006 levy. This responsible management demonstrated over the past six years supports our expectation that future investments in the library will continue to return high value to the community.

## **PROCESS**

In accordance with chapter 19 of the county code, the Library Advisory Board serves as the Citizen Budget Advisory Committee for the library. Your 17-member Library Advisory Board holds monthly meetings throughout the year and is well-educated on library operations, programs, policies, priorities, and the library's budget, as well as issues facing public libraries in general. It is available to assist you with your leadership on library issues to help you put the county in the best possible position to meet the needs of county residents.

A subcommittee of the Library Advisory Board, the Finance Committee, conducted an in-depth review of the library's budget. The Finance Committee met four times over the winter and has reported to the Library Advisory Board 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, 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 resulted in the Finance Committee's assessment of the proposed library budget. The Library Advisory Board has reviewed, approved, and accepted the Finance Committee's recommendations which served as the basis of this report.

## **MAJOR CHANGES**

The Library Advisory Board finds that the \$6.5 million reduction in the library budget for FY2013 due to the current funding model will result in several major changes to how the library

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<sup>1</sup> based on a projection of FY 2012 expenditures.

operates and provides services to the community. The most significant changes are reductions in staffing, the hours that the libraries are open, and the collections budget.

The only feasible way to lower expenditures by the large amount necessary is to reduce personnel; putting dedicated and hard-working people out of work. The proposed budget anticipates an 8% reduction in union-represented staff and a 14% reduction in management positions. We are very concerned about what this means to the people who will be let go, but also what this means to the morale and succession strength of the remaining staff. While we deeply regret this necessity, we are confident in the abilities of library leadership to manage the situation in the best possible way.

This reduction in staffing translates most directly, for the community at large, to fewer hours that people can access their libraries. It is proposed to go from a 7-day, 53/57-hour per week service (1,027 total available hours) to a 6-day, 44-hour per week service (836 total available hours).<sup>2</sup> An 18.5% reduction in total available hours will displace an estimated 1.04 million visits over the course of the year, in other words, 1.04 million visits that would have occurred during these hours will either have to shift into the reduced available hours Tuesday-to-Sunday, or go unfulfilled. We expect this to increase crowding in the libraries -- already an issue at certain times for more than a few branches. We will work with library staff to better understand and monitor crowding and advise you on the impacts to patron satisfaction in the future.

While no reduction in hours is good, and in fact an expansion to current hours is needed to meet increasing demand, we do agree with the library staff's reasoning for the reduction proposal, namely:

- a combination of later evening hours for community meetings and earlier morning hours for storytimes;
- an alternating schedule that allows for three 8 pm closings per week;
- putting Central on the same schedule as smaller branches so that staff support to branches is available during all open hours;
- historically, there have been Monday closures;
- keeping late evenings on Tuesdays for election access;
- maximizes single-shift scheduling;
- adequate closed time during shifts to allow materials movement work to be completed; and
- a level of consistency across the system.

We think that reduced hours will impact circulation and visitation to some degree, but will also compress demand for services into fewer days, forcing more crowded libraries, resulting in a need for higher productivity from fewer staff, and increasing wear-and-tear on facilities, equipment, and materials. This is supported by the fact that currently on Sundays, with 3-5

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<sup>2</sup> The proposed schedule is Sunday, 12-5; Monday, closed; Tuesday, 11-8; Wednesday Central/Neighborhoods, 11-8; Wednesday Regionals, 10-5; Thursday Central/Neighborhoods, 10-5; Thursday Regionals, 11-8; Friday, 10-5; and Saturday, 10-5. We noted that this 44-hour per week service at the Central Library is a significant and continued decline from the 70-hour per week service that the County provided from 1998 to 2001.

fewer hours of opening than during the rest of the week, there is an 18% higher average checkout rate per hour.<sup>3</sup>

Another related concern is the increase in the period from closing on Sunday to re-opening on Tuesday. Right now, there is a 17-hour period from 5 pm on Sunday to 10 am on Monday (when the comfortable library spaces are not available), and all activity is forced online or turned away. The proposed reduction in service will more than double this non-service period to a 42-hour closure from 5 pm on Sunday to 11 am on Tuesday. While it is not ideal because the library provides people not only great resources but also a contemplative sanctuary (warm in winter and cool in summer), we accept that this is the best of the alternatives that will meet the target savings and staff reductions. Accordingly, we recommend it be adopted.

For the reduction to the collections budget, it is proposed to spend \$1 million less than the current budget - a 14.8% reduction. This has implications for the integrity of the collection as well as the convenience and satisfaction of patrons. As with hours, no reduction to the collection is good, especially in a time of increasing demand; however, we agree with the library staff's proposed approach because it is best of the available alternatives.

One of the most significant changes that will result from this reduction is an increase in the holds ratio, resulting in longer wait times to get requested items. An estimated 9% reduction in the number of holds fulfilled per month is projected to result from the FY2013 cuts. This means that the library can save on the number of copies of highly demanded items purchased and on the staffing and transportation related to filling these requests. While not desirable, it is necessary. The cuts also require purchasing 50% fewer DVDs; eliminating the Freegal music download service; and rolling back print acquisitions to FY2010 levels. While the library's collection is a primary reason that so many county residents visit the library every year, we have examined these reductions and their implications and support them as part of the best solution to deal with the funding gap.

## **RECOMMENDATIONS**

At the time of writing this report, we do not know whether the May 2012 levy will pass. If it passes, the Library Advisory Board has five main recommendations regarding the library's FY2013 budget and general financial picture. These are:

- implement the proposed major changes including the reductions described above in a way that meets the commitments of the new levy;
- clearly communicate new hours and the reasoning for those hours from multiple sources, including from the County Commission, to minimize people's disappointment;
- continue to provide programs to the underserved and vulnerable segments of the community for whom the range of options is very limited, such as for homebound patrons, medical clinics, headstarts, retirement communities, and assisted living facilities;

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<sup>3</sup> 207 checkouts per hour on Sundays v. 175 average checkouts per hour for the rest of the week, system-wide.

- continue to protect programs with high leverage like Lucky Day, hold deliveries, public access computers, book and DVD acquisitions, and some acquisitions based on patron requests;
- maintain a minimum reserve fund of 5% of the annual budget as a matter of sound fiscal policy and for possible library district transition and building repair costs.

The Finance Committee made additional recommendations to library staff including performance measures for the proposed program offers and other improvements. We continue to observe an ongoing commitment by library staff to continuously improve accountability in all service areas and find operational efficiencies.

The FY2013 proposed budget for the library:

- follows the Chair's requirements and direction for reductions;
- will be able to meet the commitments being made to voters in the 2012 levy; and
- while sacrificing current levels of services, programs, and employees, does so with least impact and in the most sustainable way.

The Library Advisory Board supports this work and hopes that the library will be able to provide a level of service with reduced funding that is acceptable to the community.

## **EMERGING ISSUES**

The Library Advisory Board believes that strong and stable institutions such as the library are critical to the continued vitality of the community. We believe that investment in the services that the library offers will help the County weather these hard times and lay the groundwork to take advantage of more solvent times ahead. We strongly urge you to protect and support this institution at a high level for the benefit of the community and its future. This includes addressing and pursuing a goal of a stable funding model for the library which we have stressed in each of the last several CBAC reports.

Since our last examination of the library's budget, funding stability has gone in the wrong direction from a 5-year temporary levy to the possibility of a 3-year temporary levy at a rate that will require significant reductions to current service levels. We believe that this setback can be corrected through your leadership. While there are vocal supporters of competing funding needs, we believe that such a wide cross-section of the community that relies on and enjoys the library's services will increasingly emerge as a force to be reckoned with and in need of addressing with adequate and stable funding.

A solution is a November 2012 library district ballot measure. We support your recognition in January that an independent library district is the best, long-term funding solution, and have discussed some advantages to fully committing to this direction. During the last 5-year levy, the nature of how levies operate in Oregon meant that what revenue came in was highly volatile: in one year it was 13% over projections and one year it was 13% below projections. This is no way to run a business-like operation for an institution as important as the library. A \$10 million swing on a \$35 million annual revenue source is difficult to plan around, especially when 63% of

the budget goes to personnel. A library district would flatten out this volatility as well as reduce dependency on the county general fund.

A few years ago, prior to implementation of the RFID system, the library was lean and staff were pushed to maintain service levels. With RFID, the library realized freed up time and allowed staff to increase productivity to keep up with the constant growth in visitor demand of the past several years. We believe that at this time, the library has already taken advantage of all easily available efficiencies. As reported here, reduced funding as proposed in this budget will significantly cut into service levels and could have a dragging effect on patron use due to dissatisfaction. An infusion of capital to acquire additional materials sorting technology could further reduce long-term operating costs or allow the library to meet continued increased demand in a similar way, however, we are not recommending this for FY2013 due to the challenges already created by the proposed reductions.

As we look out into the future, we see the following trends and needs emerging and requiring your attention whether they are funded through the county general fund or a library district:

- Programs that Support the Most Vulnerable Populations: reductions to federal and state support to vulnerable populations continues, but it is in the county where the impacts are felt, and we believe that investments in the library help reduce these impacts and position people to better succeed in the future<sup>4</sup>;
- Childhood Programs: as a community we see the necessity of getting kids reading and believe that every dollar invested in the library system pays off better than other venues because of the ability to reach younger kids early;
- Adult Programs: we also see an increasing need to reach homebound seniors wanting books and believe that the delivery system in place at the library gives important contact to this growing segment of the population;
- Computers: people are increasingly limited in their ability to spend, and high-speed internet costs keep increasing, so we believe that the libraries will need more computers, more hours, and more staff support to patrons;
- Preventive Maintenance: we are concerned about the condition, age, and maintenance needs of the 21 library buildings. These are relatively small, high-use facilities that will be experiencing intense and concentrated use under the proposed budget. This fact combined with the age and condition of these buildings, raises our concern that capital spending for major repair and maintenance is likely to increase over the next five to ten years;
- Program Innovation: we know that library services nationwide are undergoing a period of transformation. This is not only directly in the area of technology for e-books and databases, but also with trends such as bookstores and post offices closing, where do people go to browse for books or connect with their neighbors? We are really pleased with innovative programs like Lucky Day and Everybody Reads which are but small examples of how we are addressing these emerging needs.

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<sup>4</sup> We were very pleased to see that despite the requested \$6.5 million in cuts to the FY2013 library budget that there was a commitment to maintain these services with no significant reductions. We are concerned that this will not be possible in the future.

Our overriding concern is the current trend in the library budget and funding model that will inevitably impact staff motivation and ability to innovate. We are also also concerned about their ability to provide materials and information in a timely manner and deliver programming in support of schools, children, and families. We ask you to seriously consider the dangers of contributing to a continuing downward spiral of our nationally-recognized program that we know is part of the draw that keeps people and businesses interested in locating in Multnomah County. It is our sense that the price we all pay together for the library is far lower than the value we receive as individuals either directly or indirectly from its services. We believe that the positive economic impact of the library is high relative to other investments by county taxpayers.

If a library district measure fails in November, the next two years of the 3-year levy would be a time when it is very difficult to sustain even the reduced services proposed in the FY2013 budget without ongoing and increasing subsidy by the county general fund. It will require a re-examination of the library's priorities:

- exceptional customer service;
- a valuable resource during economic crisis;
- efficient materials movement;
- early literacy emphasis;
- success in school;
- resource for immigrants; and
- facilitating civic engagement.

This would be unfortunate and disappointing to many in the community. If we can be of any further assistance to you as you lead the County forward to address these emerging issues in a positive and productive manner, we are ready to help. We applaud your recognition that the best long-term funding solution for the library is the formation of an independent library district and are here to help you achieve this vision and establish this important legacy.

Respectfully submitted,

### **MEMBERS OF THE LIBRARY ADVISORY BOARD**

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