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Fiscal Review of the Cleveland Public Library and Scan of State and National Trends in Library Funding

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The Center for PUBLIC MANAGEMENT

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***ABSTRACT**: This report presents a review of the financial condition of the Cleveland Public Library (CPL) from 1998 to 2010, presents a national scan of how libraries have creatively adjusted to economic conditions, and profiles the challenges of Ohio and national libraries considered as peers to CPL over the past five years. The results suggest that CPL has successfully mitigated impacts from the economic recession due to strong leadership, adequate revenues, controlled expenditures, and frugal financial management of cash reserves. The financial challenge to CPL will be in maintaining its current level of services as the city of Cleveland's population, and therefore tax base, declines.*

***Key Words:** Cleveland Public Library, financial trends review, financial condition, fiscal condition, library finance, library funding, library trends, Public Library Fund*

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EXECUTIVE SUMMARY

Today's libraries are faced with increasing pressures to deliver services in spite of feeble funding resources and slashed budgets. Libraries are shuffling budget priorities to manage operational and capital needs, satisfy patrons' technological and traditional demands, and maintain staffing to sustain even minimal library services. The economic downturn has fiscally impaired the nation's libraries: More than half of the states have reduced funding to libraries, with an average cumulative reduction of 10% over the recessionary period (American Library Association, 2011c, p. 11).

Declining local and state government funds (primarily property and sales tax revenues) have eroded a once relatively stable funding base for libraries. Further, recessionary market decline has negatively impacted library endowment values and private philanthropic support. Despite financial and other obstacles, Ohio and national libraries have navigated the economic challenges posed by the recession. Common measures among these libraries to ward off fiscal woes include reducing purchases, operating hours, and services; deferring maintenance and capital and technology projects; branch mergers and closures; and personnel layoffs and salary and benefits reductions. Creative methods to sustainability during this period include using Community Development Block Grant (CDBG) and American Recovery and Reinvestment Act (ARRA) funds for operations and capital purchases; contracting custodial, security, and building maintenance services; implementing revenue and expenditure forecasting to gauge future financial needs; and exploring options for the adaptive reuse of existing library buildings.

As with the Ohio and national libraries, the Cleveland Public Library (CPL) has experienced similar financial challenges, having to fiscally plan for an increasing demand for services with diminishing revenues. CPL has maintained a high level of fiscal integrity through a very tumultuous period of American economic history. CPL has mitigated many of the impacts of the nation's longest recession to the library's fiscal base through strong management and leadership, adequate revenues, controlled expenditures, and substantial cash reserves. The financial challenge to CPL will be in maintaining its current level of services across the flagship and branch libraries of the system as the city population, and therefore tax base, declines.

The CPL tax base experienced growth beyond the rate of inflation throughout the 1998-2010 period, despite the recessionary impacts. The overall performance of CPL's gross Governmental Funds revenues (including the General Fund and those funds that host restricted revenues [special revenues and capital projects types of funds]), was bifurcated, with strong growth from

1998 to 2006 at 62.7%, or 6.9% annually, and negative outcomes during the recessionary years of 2007-2010, with -5.2% or -1.3% annually. General Fund revenues also experienced rigorous growth, expanding overall by 48.2% or 3.7% annually.

The library exhibited controlled expenditures throughout the study period. Governmental Fund expenditures increased at a slow pace (1.78% overall or 0.14% per year) from 1998 to 2010, significantly less than the annual rate of inflation and the growth rate of revenues. General Fund expenditures grew by 33.6% overall or 2.5% annually; however in 2010, General Fund expenditures were reduced to 2005 levels.

CPL maintained healthy cash reserves, with strong fund balances and substantial levels of liquidity (the ability in which assets can be converted to cash). The average General Fund's Fund Balance over the 1998-2010 period was 33.1%. The library's liquidity ratio fell between 1:7.7 and 1:2, averaging 1:14.8.

The financial metrics of CPL compare favorably to the sample 15 Ohio and national libraries considered as peers to CPL, with regard to revenues, expenditures, and staff. In 2010, CPL performed at the top of the distribution of its peer sample of libraries. While these metrics are helpful in gauging CPL's financial performance, this sample of libraries could be expanded to include larger libraries with similar budgets, staff, and programs (e.g., research library functions).

The residual effects of the recession and housing finance crisis may pose a formidable challenge to CPL future operations. The 2009 real property reassessment yielded reductions in assessed valuation across Cuyahoga County, thereby reducing property tax revenues. This was the case in both high- and moderate-value jurisdictions in Cuyahoga County. The impending spring 2012 reassessment is also anticipated to result in a reduction in (assessed) value across the county. The loss of value in Cleveland's real property assessment may present a serious revenue threat for the future operations of CPL and its branches.

The library is of a sufficient size ($100+ million in revenues and Fund Balance in 2010) to warrant the adoption of a Comprehensive Annual Financial Report (CAFR) model for reviewing its annual financial position. The added data and information would well serve the administrative staff, board, citizens, and users of the library in understanding the annual mechanics of the library process.

INTRODUCTION

The Center for Public Management of the Maxine Goodman Levin College of Urban Affairs at Cleveland State University conducted a review of the financial condition of the Cleveland Public Library (CPL) system from 1998 to 2010. The purpose of the review is to identify the general financial condition of the library, as well as the trends of several financial metrics. The review also examines national trends in funding libraries and how libraries have fiscally managed through the recessionary period. Case studies of a sample of Ohio and national libraries are provided as examples to financial management. An update to Ohio's primary funding source to libraries, the Public Library Fund, is also discussed. The analysis was conducted to assist CPL in its strategic planning process.

In addition, this report describes the methodology used in the analysis, presents a national scan of how libraries have creatively adapted to economic conditions, and profiles the challenges of Ohio and national libraries considered as peers to CPL. The results suggest that CPL has successfully mitigated impacts from the economic recession due to strong leadership, adequate revenues, controlled expenditures, and frugal financial management of cash reserves. The financial challenge to CPL will be in maintaining its current level of services as the city of Cleveland's population, and therefore tax base, declines.

Research Methodology

Literature Review

A review of the literature was conducted to examine how libraries have responded to and survived the challenging economic conditions of the past decade. This research included an examination of professional trade journals, publications, studies, and books, as well as newspapers and other modes of media (online and print). The review presents an assessment of national trends in funding libraries, the creative ways in which libraries have adapted their budgets in response to declining revenues, and investments and strategies implemented by libraries in an effort to respond to increasing customer needs.

Public Library Fund Update

This section of the study provides an explanation of the Public Library Fund (PLF), the primary funding source of Ohio's libraries. Also presented is an explanation and the rationale for the formula used to calculate the proportion of state tax revenues to Ohio counties for distribution locally to libraries. The amount of funds distributed from 2002-2013 is also discussed.

Case Studies

Research included telephone interviews with financial officers of national and Ohio libraries to learn of their experiences and challenges managing budget issues during lean economic times. These libraries were identified by CPL as peer libraries. CPL determines its peer libraries to be similar in annual budget, population served, geography, and number of branches. In advance of the telephone interviews, CPL Library Director Felton Thomas corresponded with the leadership of each library to introduce the PM project team and provide details of the project. The PM project team then contacted the finance officers by phone to schedule interviews and confirmed each interview by email. Interview questions focused on leadership structure, financial aspects of operations, financial planning, and financial sustainability (Appendix A).

The finance officers from the following Ohio libraries were interviewed:

- Akron-Summit County Public Library (Akron, OH)
- Cleveland Public Library (Cleveland, OH)
- Columbus Metropolitan Library (Columbus, OH)
- Cuyahoga County Public Library (Parma, OH)
- Dayton Metro Library (Dayton, OH)
- The Public Library of Cincinnati and Hamilton County (Cincinnati, OH)
- The Public Library of Youngstown and Mahoning County (Youngstown, OH)
- Toledo-Lucas County Public Library (Toledo, OH)

Finance officers from the following national libraries were interviewed:

- Boston Public Library (Boston, MA)
- Denver Public Library (Denver, CO)
- District of Columbia Public Library (Washington, DC)
- Enoch Pratt Free Library (Baltimore, MD)
- Las Vegas-Clark County Library District (Las Vegas, NV)
- Milwaukee Public Library (Milwaukee, WI)
- Seattle Public Library (Seattle, WA)
- St. Louis Public Library (St. Louis, MO)

Financial Review

Research was conducted utilizing both individual and group interviews with CPL's administrative and finance department staff, and a thorough review of the library's Audited Annual Financial Reports (1998-2010). The data assembled across the 13 years of the analysis is drawn directly from the CPL annual financial reports and grouped into metrics to allow comparisons to CPL's Ohio and national peer libraries. Additional general financial metrics were drawn from other sources (noted in the appendices section of this report). The review has five components:

- A scan of revenue trends from 1998-2010
- A scan of expenditure trends
- A scan of operating trends
- A scan of debt trends
- A scan of economic and demographic trends

Within each of the five components are metrics utilized in defining the trends and, when aggregated, defining the general financial condition of the library. The report tracks nominal trends, develops trends across metrics, and makes comparisons to the metrics developed by the Public Library Association on the financial operations of libraries across the country.

Some of the metrics use a "per capita" (per unit of population) format. The population of the city of Cleveland has fluctuated on a downward path (between the U.S. Bureau of the Census measurements of 1990, 2000, and 2010) by 108,801 residents. The decline in population was annualized between the three Census dates to make the change smoother and less exaggerated.

NATIONAL TRENDS IN FUNDING LIBRARIES

The current economic downturn has placed the nation's public libraries in a precarious position. Libraries have experienced repeated rounds of budget cuts, forcing many systems to reduce hours of operation, close branches, lay off staff, and generally reduce services. At the same time, demand for public library services has risen, as patrons see greater value in the range of products offered by libraries for free when their household budgets have taken a hit. Libraries face difficult decisions in the current context, and many are rethinking the nature, amount, and value of the services they provide to their patrons. As the following review of the literature makes clear, libraries have creatively adjusted to changing economic conditions in order to fulfill their historic role while also adapting to new demands from the public.

The scope of cuts in public support faced by public libraries during the current economic downturn is striking. As examples, the California state budget for fiscal year 2012 cuts state funding of public libraries in half; a trigger is attached to the budget that would eliminate all state library funds if the state fails to meet revenue projections ("Funding Still Iffy," 2011). New Jersey's library support was trimmed from 74% to 26% for 2011 (Ackerman, 2010), and Mississippi trimmed its already small state budget 10% for 2010 ("Library systems are trimming costs," 2010). In Massachusetts, the continuation of flat funding levels into 2011, after years of significant cuts, was hailed as a major victory by library advocates ("Massachusetts Governor Gives Libraries," 2011). In Ohio, state funding of public libraries has been on the decline since 2000 and more so since 2007; in 2010, Ohio state funding had retreated to the amount provided in 1997 (Losinski, 2011, p. 27). Over the course of the current recession, more than half of states have decreased funding for libraries, with an average cumulative cut of 10% over that span (American Library Association, 2011c, p. 11). After a significant boost to library support in 2009-2010, the federal government has also scaled back funding to public libraries ("Public Library Funding Landscape," 2011, p. 18).

As state and federal-level support has eroded, local government funding has become a larger portion of public library funds, both in terms of total dollars and as a percentage of funding sources (Miller, et al., 2011, p. 4, 29). However, local governments, facing their own fiscal crises, have also reduced their support of public libraries. Respondents to the American Library Association's 2011 Public Library Funding and Technology Access Study reported an average 26.9% decline in federal funding for operating expenses from 2010 to 2011, an 18% decline in state funding, and a 1.9% decline in local government funding. These trends are worse for urban library systems ("Public Library Funding Landscape," 2011, p. 14; see also Henderson & Lonergan, 2011; & Blumenstein, 2011).

Compounding these difficulties is the fact that declines in investment income have decreased the value of library endowment funds and limited private philanthropic support of public libraries, as well. Libraries are finding it difficult to replace lost public funding through rainy day funds, dedicated foundations, or outside foundation grants ("Economic Uncertainty Spreads," 2008).

The cuts in public funding reflect a belief that libraries are "easy targets" for local and state officials looking to trim budgets (American Library Association 2011c, p. 12; Holland & VerPloeg, pp. 30-31). Libraries do not represent funding priorities for many in government. As one Connecticut mayor argued in proposing a 25% reduction of his city's library operating budget, "We are getting back to basics: police, fire, and education. We will not try to be all things to all people. Libraries are not essential services" ("Economic Crisis Hits Libraries," 2008, p. 26).

Voters and library patrons do not necessarily share this viewpoint, however. Library support initiatives have fared well with voters throughout the downturn, passing at a rate of 87% in 2010. In Ohio, voters approved 30 of 38 library levies in 2010 and 20 of 26 in 2011 (American Library Association, 2011c, p. 14; Ohio Library Council, 2011a; see also "Voters Buck Gloomy Economic Outlook," 2008).

That level of support is also reflected in library usage during the downturn. Historically, library use spikes during recessions, and that trend has continued into the current downturn (Library Research Center, 2002; "Slow Economy Fuels Surge," 2008). Public library visits per capita and circulation per capita both showed a marked increase since 2007. While reference transactions per capita had been on the decline prior to 2007, they have rebounded since (Miller, et al., 2011, pp. 7-11; see also Lance, Hoschire, & Daisey, 2011). In Ohio, statewide circulation increased by nearly 18 million from 2006 to 2009 (Ohio Library Council, 2010a). Noting the increased reliance on free library services for entertainment and education, one newspaper columnist labeled public libraries "recession sanctuaries" (Jackson, 2009).

Given the paradoxical situation of declining funding at the precise moment when demand is peaking, public libraries have had to make tough choices and be creative in managing budgets. In suburban Atlanta, a county library system has explored pursuing corporate funding for services or even selling advertising space on bookshelves, services areas, or bookmarks to close a significant shortfall (Burns, 2011; Wickert, 2011). Other libraries have raised revenue by integrating commercial activities into the library space, whether through gift stores or cafes that directly complement library services or by including space for several diverse retail operations within a newly developed library building, as was done in Salt Lake City (Richardson, 2011; Mattern, 2007, pp. 84-94).

Libraries are also rethinking the nature of service delivery in order to stretch dollars and better meet the needs of patrons. Milwaukee's city libraries are addressing shrinking operating budgets by consolidating older branches in buildings with aging systems and high maintenance costs. These branches are being replaced with new, energy-efficient branches that are part of mixed-use developments. The mix of commercial, residential, and library space helps offset the cost of building. Newer building systems and the consolidation of branches helps the system trim energy and staffing costs (Sandler & Daykin, 2010). Other systems are experimenting with "express locations"—scaled-down branches offering a small range of services, such as pickup or drop-off of circulating items—to reach more patrons at minimal cost (Lawrence, 2010, p. 10).

Technology investments have also been attractive to public libraries. Web technologies allow patrons to access virtual reference librarians from any location and receive reference help through text, chat, or email. These services can be provided by a library's staff or accessed through a subscription with an outside provider, and offer a library a means of reducing staffing costs (Smith & Johnson, 2009; Lietzau & Helgren, 2011, p. 13). By making a significant one-time investment in automation technologies or software, some libraries have been able to reduce future operating costs. Radio Frequency Identification (RFID) systems, in which an electronic tag that can be read by machine is attached to circulating items, have been used to implement automated self-checkouts and returns, as well as more robust automated materials systems. The resulting efficiencies can more than offset the costs of implementation (Boss, 2009; Marshall, 2010). King County (Washington) Library System has adopted an extensive automated handling system to improve circulation of items among its 44 branches. Since installing the system, the system's sorting center has handled 35% more volume but with fewer staff, freeing up resources to better serve patrons in the branches ("Technology: Reducing Operating Costs," 2010).

Far more common than these types of responses to budget issues are reductions in service, however. Libraries have addressed budget cuts by reducing staff, deferring maintenance, decreasing acquisitions, cutting electronic and print subscriptions, closing outlets, and trimming programming. Community branches in the Queens Library system remained closed on weekends, whereas the New York Public Library reduced average branch hours from 52 to 32 hours while also significantly reducing acquisitions ("Budget Cuts Continue to Loom," 2009). Philadelphia closed 11 of 54 branches and Trenton, New Jersey, reduced hours below 40 per week at all of its branches ("Branch Closings and Budget Cuts," 2008). In addition to cutting hours and acquisitions, Las Vegas cut 93 staff positions, while San Jose Public Library is considering reducing between 88 and 110 of 360 staff, leaving branches open only three days per week, and cutting programming by half ("Cuts at Las Vegas System," 2010; "San Jose Public," 2010). San Diego is resorting to "rolling brownouts"—closing branches on alternate days—to cope with a 24% budget reduction. This resulted in a 53% reduction in total branch hours

("San Diego PL," 2011). Perhaps the most striking example is Charlotte Mecklenburg Library in North Carolina, which has seen its budget shrink 35% since 2008. The cuts have forced a library known for innovative programming and an expansive community presence to abandon a facilities plan, close branches, and lay off one third of its staff. The collections budget was cut by 42% over the past two years. The main branch and a prize-winning children's center remain open only 46 hours per week, a reduction of almost 50%. Neighborhood branches are open less. A citizen's committee summarized the situation: "Because of the deep cuts in funding and services, the award-winning Library of the past no longer exists" (Bethea, 2011, p. 28).[1]

These individual stories reflect larger patterns. Staffing cuts and reductions in library hours were common in 2010, according to the annual library budget survey conducted by *Library Journal*, particularly for larger library systems. Staff cuts were reported by 43% of all public libraries participating in the survey, while 93% of libraries with a service population over one million reported staff cuts. Large libraries also experienced severe drops in service hours. Increased reliance on volunteers was reported by 46% of the survey's participants, 46% reported using self-service options to reduce costs, and 59% reported cross-training employees to cover staff shortages (Kelley, 2011, pp. 28-29).

Another survey on library spending plans reported on the most common responses to budget cuts among public libraries: freezing salaries (43% of respondents); reducing travel and training (40%); cutting subscriptions (39%); diversifying funding through grant applications (38%); reducing programming (29%); reducing library hours (23%); increasing use of volunteers (28%); and laying off staff or reducing hours worked (25%) (McKendrick, 2011, p.14). Holland and VerPloeg (2009) explore some of these budget-stretching strategies in case studies of six public libraries facing cuts.[2]

According to Alloway (2010), libraries facing shrinking budgets can choose to cut those expenses that are relatively obscured from public view (staff salaries and benefits), or "pass on the pain" by cutting programming, services, and hours. Both options can have a negative impact on relations with patrons and supporters. The key is to evaluate such decisions through a consideration of the relationship between potential cuts and the library's core purpose, and prioritize accordingly. If patrons and supporters recognize a link between the library's core mission and budgetary decisions, they will be more likely to support difficult funding decisions and help to develop solutions.

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[1] The collective impact of these budget cuts is visualized on the website "Losing Libraries" (www.losinglibraries.org).

[2] The libraries are the Saxton B. Little Free Library in Columbia, Connecticut; the Oskaloosa (Iowa) Public Library; Oak Lawn (Illinois) Public Library; Washoe County (Nevada) Library System; Phoenix Public Library; and Brooklyn Public Library.

Another option pursued by financially distressed public libraries has been to outsource key functions and activities to private contractors, or even to transfer management of a library system to a private company. In 2007, Jackson County, Oregon, transferred management of its countywide system to Library Systems and Services (LSSI), a private Maryland company, because of severe budget shortfalls that forced the entire system to close for some months (Jordan, 2008; Stark, 2011). The same company took over management of the Santa Clarita, California library system in 2010 (even though Santa Clarita was in relatively strong fiscal health). Osceola County, Florida is also considering contracting with LSSI to manage its public library system to deal with a $3 million dollar annual library deficit (Goldberg, 2011). LSSI now manages 14 library systems, is the fifth largest library system in the country, and is even exploring taking over library systems in the United Kingdom (Streitfeld, 2010; Flagg, 2011).

Outsourcing of services and privatization of management have generated a great deal of controversy among library professionals and library constituents.[3] The American Library Association maintains an official position against the privatization of library management, arguing that "libraries should remain directly accountable to the publics they serve." Decision-making should remain in the hands of those answerable to the community's interests rather than the private contractor's. Privatization also threatens two key elements of public institutions like libraries, accountability and transparency (American Library Association, 2011a, pp. 5, 8). There is also a concern about privacy and intellectual freedom issues if library management is no longer directly answerable to the public (Stevens, 2011).

Rigorous evaluations of outsourcing and privatization show mixed results. A 2000 study commissioned by the American Library Association found that the dire warnings of critics did not come to pass, and that outsourcing could be an effective way to reduce costs and maintain service levels for public libraries. The study was not able to evaluate privatization as defined by the ALA because, at that point, no libraries had surrendered "control over policy … to a private vendor" as has happened in the LSSI cases cited above, for example. The report specifically recommends, among other things, that contracts be structured so that control of policies remains with representatives of the public (Martin, 2000, pp. i, 54). A later study specifically examined the outsourcing of library management—which would fit ALA's definition of privatization—and concluded that the delivery of savings, public use, and public accountability was at best mixed

[3] The American Library Association makes the helpful distinction between outsourcing and privatization. Outsourcing is defined as transferring "recurring internal activities that are not core to the mission of the library" (bookbinding or security, for example) to an outside contractor or vendor. Privatization involves "the shifting of library service from the public to the private sector through transference of library management and operations … to a commercial company" (American Library Association, 2011a, p. 5).

(Ward, 2007). Stark notes that three years after LSSI took over Jackson County, Oregon libraries, service levels are still well below adequate.

Huber (2011a) argues that public libraries should “get ahead” of outsourcing through the introduction of lean manufacturing principles to library management. The lean library “reduce[s] the distance between you and your customer by eliminating all the waste in your service delivery cycle,” waste that can spring from “poorly designed process flows, outdated business models, ineffectual organizational structures, inflexible software systems, poorly applied automation, and stagnant procedures” (p. 18). Huber estimates that the adoption of lean library principles can result in a reduction of service delivery costs of between 20% and 45% (p. 19; see also Huber, 2011b).

According to Czesak (2011), many of the returns promised by privatization—cutting staffing, reducing costs, and introducing efficiencies—can and should be supplied by existing competent library management. What a private library management firm cannot supply is library leadership that engages with and responds to the community, develops and implements new services that advance community goals, and demonstrates the value of the full range of library services. Further, recommendations from oversight bodies to outsource management functions typically indicate that library boards have not lived up to their own leadership responsibilities (p. 18). Scrogham (2006) argues that the drive to privatization is part of a larger shift of public service provision to the private sphere that threatens the core identity of the public library. Libraries should strive to be “socially profitable,” but “the values of the public sphere will always fall short when analyzed according to those of the private sphere” (pp. 11-12).

Another strategy for increasing the impact of library services in a time of shrinking revenues is through strategic partnerships, either with private companies (such as in the Salt Lake City example discussed above) or with other public sector entities. Libraries have partnered with for-profit and not-for-profit developers to create new community developments anchored by library branches, as in Milwaukee (discussed above). The Miami-Dade Public Library System partnered with a supportive housing agency to develop an affordable housing complex for families transitioning out of homelessness, with a library branch on the ground floor (Galan, 2011). The Fairfax County (Virginia) Public Library partnered with juvenile courts to create an alternative sentencing program for teenagers based on literature. In Fayetteville, Arkansas, the public library worked with the University of Arkansas, the state energy office, and private companies to promote solar power adoption, first in library buildings and then elsewhere. The effort enhanced the city’s commitment to sustainability and helped strengthen local businesses (Carlee, Strigaro, Miller, & Donelan, 2011, p. 13). The city of Casa Grande, Arizona, partnered with its library and public school system to build a library that served both the city and the local high school (Thompson, 2010). Other library and school systems have combined services, without necessarily incurring the costs of new buildings, in order to share resources and limit costs (Henderson, 2007). In South Burlington, Vermont, the public library and the high school library share the same space and collections, but have separate staffs and budgets ("Local Government Managers," 2007, p. 4).

Such projects extend the library's ability to address key community needs (Carlee, Strigaro, Miller, & Donelan, 2011, p. 6). Other advantages to these sorts of cooperative projects include the development of new funding streams, the strengthening of relationships with local officials, the expansion of service opportunities, and the "cross-fertilization of ideas and skill sets" (Block, 2007, p. 51).

Other partnerships arise out of a desire to stave off cuts in service or otherwise cope with budgetary issues, as when Macomb County explored allowing Wayne State University to take over its struggling library system ("Wayne State May Take Over," 2008). Minneapolis Public Library merged with Hennepin County Library in 2008 as a way to reduce operating costs ("Minneapolis Public Library Merges," 2008). The Ohio Library Council (OLC) examined library system consolidations in Ohio and warned that such consolidations don't always produce expected savings. It is essential, according to the OLC report, to take into account added costs of consolidation and the difficulties of meeting expectations for a consolidated service area before proceeding (Ohio Library Council, 2011b).

Another key concern for public libraries in the current context is effective outreach to patrons and supporters in order to cement existing relationships and enable the creation of new ones. According to Sass (2002) and Shontz, Parker, and Parker (2004), libraries have historically put relatively little effort into marketing their services to the public. Block (2007, p. 75) also argues that library administrators should develop more effective marketing and outreach strategies, because marketing helps to demonstrate the value of library services to new and established patrons and to the community at-large. Many public libraries are combining outreach activities with special programming or library design to develop new constituencies. Libraries target youths, pre-readers, immigrants, or the economically distressed with services or design elements that bring these groups into the library and enhance their connection to the library. Bernier (2008) observes that libraries have been successful engaging teen patrons in the community by "imagining the public library as an institution in which to enact positive youth development." The division of the American Library Association (ALA) devoted to services for teenagers is now the fastest growing division within the ALA. Youths entering libraries are increasingly finding spaces devoted to their use and designed specifically with their needs in mind—often with their direct participation in the design process. Teenaged volunteers supplied 73% of the volunteer hours at Oakland Public Library in 2003 (pp. 203-204; 213, 214; see also Block, 2007, pp. 12-21).

Similar outreach and targeted programming has also helped draw immigrants into public libraries. Minneapolis Public Library has bilingual outreach liaisons on staff that worked with community organizations to develop programming and services for immigrants and translated library materials. Boulder Public Library has an outreach librarian who works closely with the Boulder County Immigration Advocacy Coalition to schedule English as a Second Language (ESL) classes and educate immigrants and the general public about immigration law and citizenship ("Library Services for Immigrants," 2009, p. 126). Block (2007) warns against labeling services for immigrants as "'outreach,' because that makes it sound like an incidental add-on to services to traditional library users" (p. 164).

Libraries have also increased the services offered to the impoverished and the economically distressed. Danville Public Library, which serves an area in Virginia with a high unemployment rate, launched its Institute for Information Literacy to address the lack of computer skills that staff noticed in interacting with patrons (Alexander, 2008). Many job seekers in Detroit have taken advantage of the Detroit Public Library's Career and Information Center. The center provides individual and group training on essential computer skills, and helps people negotiate job searches in the era of online job banks and electronic applications submittals (Bill & Melinda Gates Foundation, 2004, p. 11). Services for job searchers are now provided by 92% of public libraries and 87% provide some sort of technology training ("Public Library Technology Landscape," 2011, p. 32). Approximately 4.4 million people experiencing unemployment or other job impacts used job-search related library services (de Rosa et al., 2011, p. 29). Such efforts address inequities related to access to essential information and technology that grow out of social inequalities and are, according to Kinney (2010), "a natural extension of libraries' information literacy role" (p. 148; see also Gehner, 2010). Libraries play a central role in addressing technology and information gaps—what has come to be known as the digital divide.[4]

Becker, Crandall, Fisher, Blakewood, Kinney, and Russell-Sauve (2011) provide recommendations for public libraries working to address digital and information literacy. These include extending partnerships with community organizations in order to complement efforts, integrating ongoing technical training into staff development, integrating technology services with other library services, and adopting activity-based budgeting in order to accurately account for technology costs. The Institute of Museum and Library Services, University of Washington Technology and Social Change Group, and the International City/County Management Association (2011) have collaborated on the development of a comprehensive framework for "building digitally inclusive communities," as well.
These efforts to expand equitable access to technology and information are part of a

[4] Sin (2011) examines disparities in access to information and technology through an analysis of library technology services.

broader trend of technology becoming central to the provision of library services as libraries embrace a role as "community technology centers" (American Library Association, 2011b). Public access personal computers, free wireless, and online access to information and databases are standard offerings by libraries. Electronic books are offered by 67% of libraries and 28% provide patrons with e-book readers, netbooks, or similar mobile devices ("Public Library Technology Landscape," 2011, p. 32).

This move toward "creating new services by exploiting new web [and other] technologies" has been labeled "Library 2.0" (Chowdhury, Poulter, & McMenemy, 2006, p. 455). The Library 2.0 movement emphasizes collaboration between library service providers and users through web technologies to create a responsive, accessible, and comprehensive environment for information exchange (Casey & Savastinuk, 2006; Block, 2007, pp. 129-156). A recent survey of the use of Internet and related technologies by public libraries found that early adopters of these tools generally have more per capita visits than other libraries (Lietzau & Helgren, 2011, p. 26).

The diversity of services offered by libraries and the many ways that they are addressing the needs of their communities often escape notice of the public and those in leadership positions. De Rosa and Johnson (2008) argue that "perceptions of the library … remain fixed," tied to an older, static image of the library offering books, magazines, and other traditional information sources, but little in the way of innovative services. Many also remain unaware of the difficult budget situations faced by public libraries, or the mismatch between decreased funding and increased demand for library services (p. 7-1). The gap in appreciation of the benefits libraries provide and of their specific needs points to the lack of effective advocacy outreach on behalf of libraries. Library advocates must develop effective methods to educate and inform the public and community leaders about the value libraries provide to counter the notion that libraries are nonessential services. According to De Rosa and Johnson, libraries need to cultivate strong supporters in the community who are willing and able to champion the library's cause, demonstrate the relevance of libraries for the current information-centered economy, establish the necessity of library services for the community on a par with public safety and education, and demonstrate the centrality of libraries in "the community's infrastructure" (p. 7-5).

According to Rodger (2009), the general acceptance of claims about the necessity of library services is not a given. A library should engage in a careful process of program evaluation to demonstrate convincingly the connection between a service provided and the benefits to the public of that service. A library should also be able to articulate public concern or support for those benefits, and evaluate those benefits in terms of resources required and specific outcomes. In the past, public libraries were understood "implicitly as part of the civic landscape," but that is no longer the case. In the current context, libraries must demonstrate their centrality (Holt, 2009, p. 250).

Marcum (2007) asserts that library leadership must adopt an explicitly political perspective to secure funding during difficult times in order “to make the parent organization desire the program or initiative” to be funded. Libraries must cultivate “political capital” and steward that resource wisely (p. 163). Keresztury (2009) and Duckor (2009) walk through recent events in New Jersey and Minneapolis, respectively, that demonstrates the importance of the relationship between advocacy work and library funding.

Central to effective advocacy on behalf of libraries is communication of the library’s value to the community it serves. As Germano (2011) writes, the difficult situation faced by public libraries follows from their inability to “[market] the worth, usefulness, and competitiveness of libraries” (p. 102). This question of value and worth has become increasingly central to the library trade, particularly given the ways services and budgets are currently being stretched. According to Sass (2002), libraries have long had difficulty establishing the value of the services they offer and libraries should enthusiastically borrow from commercial marketing strategies to make their case. Marketing strategies emphasizing the value of their services are often ad hoc, underfunded, and thus ineffective. An effective strategy to demonstrate value to the community should be “narrative driven,” according to Germano (2010), focused on establishing the direct relationship between patron needs and services offered, and centered on “a well-honed value proposition” (p. 10). Central to this effort should be the development of “meaningful performance standards” and the avoidance of meaningless statistics or indicators that are hard to interpret and that don’t have a direct connection to stakeholder conceptions of value (Lyons, 2009, p. 213; see also Pastore, 2009, pp. 21-22). Lyons critiques several library advocacy efforts, including De Rosa and Johnson (2008) cited above, through this lens.

To answer the need for a more rigorous and exacting means of demonstrating the value of libraries, many have turned to cost benefit or return on investment (ROI) analyses. Libraries have recognized that “new approaches to library advocacy are needed and that these approaches must involve ‘making the case’ for the public library in quantitative terms.” Libraries have used ROI studies since the 1980s (White, 2007, p. 6). More recently, libraries have adopted and adapted various valuation approaches from the economics field with a growing level of sophistication to document the dollar value of their programs and to justify libraries as an effective investment of public resources. ROI analyses and similar approaches allow libraries to move beyond an advocacy approach that depends upon a shared assumption of their worth to a careful inventory of tangible and intangible benefits to the community. Libraries are thus “finding new ways to express and quantify learning values and cultural benefits” of the services they provide (Imholz & Arns, 2007, p. 5). Matthews (2011), Imholz and Arns (2007), Linn (2010), Kim (2011), and Aabo (2009) review different approaches and summarize recent case studies. Arns and Daniel (2007) warn against embracing wholly "the language and precepts of economics" and "market models" when evaluating libraries' worth, because many of the benefits libraries provide to their communities may not be adequately or accurately measured using those models (p. 20); demonstrating economic impact should not "distract the library from its core mission" (Carnegie Mellon University Center for Economic Development, 2006, p. 6). A host of analyses have been produced that use these methods to document the contributions of public libraries to local, regional, or state economies.[5]

Some studies have taken this concern for libraries' economic impact further by documenting the ways libraries advance community and economic development efforts (Urban Libraries Council, 2010, pp. 11-17). Library services play a key role in the development of a community's human capital, through workforce development, small business support, technology access and training, and early childhood programs, for example. In addition, a library can function as a "civic and economic anchor that attracts not only residents but the small businesses they frequent" (Pollard, 2008, p. 19). Libraries bring significant foot traffic that can help a neighborhood attract and retain business, "catalyzing urban areas in need of economic boost" (Urban Libraries Council, 2007, p. 22).

Libraries can also drive downtown development by serving as cultural, commercial, or architectural attractions. The newly built Seattle Public Library draws twice as many visitors per day as the building it replaced (Urban Library Council, 2007, p. 21). According to one study, it generated $16 million in net new spending in its first year from people drawn to Seattle for the purpose of seeing the library; the library is the "driver of economic vitality" for Seattle's downtown (Berk & Associates, 2005, pp. 25, 23). Libraries have been an important element of success in mixed-use developments, as well, because the stability of a library branch's long-term tenancy mitigates some of the risk of development (Urban Library Council, 2007, p. 23). Kemp and Trotta (2008) argue that libraries (and museums) play a significant role in urban redevelopment efforts, and they present dozens of case studies that document the centrality of these institutions in revitalizing city centers and neighborhoods.

It is unlikely that the trajectory of declining revenues for public libraries will reverse in the near future. Communities will continue to ask libraries to do more with less. Success

[5] As examples, see Levin, Driscoll & Fleeter (2006) on southwest Ohio libraries; Kamer (2005) on Suffolk County, New York; NorthStar Economics (2008) on Wisconsin; Fels Research & Consulting (2010) on Philadelphia; Barron et al. (2005) on South Carolina; Griffiths et al. (2004) and McClure, Fraser, Nelson, & Robbins (2001) on Florida; Berk & Associates (2005) on Seattle; Indiana Business Research Center (2007) on Indiana; Griffiths, King, & Aerni (2006) on Pennsylvania; Carnegie Mellon University Center for Economic Development (2006) on Pittsburgh; and Steffen et al. (2009) on Colorado.

in this challenging context requires both improving the efficiency of service delivery and effectively communicating the value of those services to the public.

REVIEW OF THE FINANCIAL CONDITION OF THE CLEVELAND PUBLIC LIBRARY

The purpose of this section is to identify and describe the general financial condition of the Cleveland Public Library (CPL), including trends, indicators, and metrics. The review examined revenues, expenditures, operating position, and assessed valuation. Debt was not examined because the external debt and debt service position of CPL is not defined in its Annual Financial Reports.

The study time frame, from 1998 through 2010, was host to two recessions: the first in 2001-2002 that was relatively short in duration (approximately eight months), and the national/global recession of the late 2000's, initiated in late 2007 and ending around June 2009. The most recent – the longest in U.S. history – was accompanied by the housing finance crisis and the real loss of housing market values, challenging the fiscal base of local jurisdictions across the country.

Evaluation of these measures showed that CPL has maintained a high level of fiscal integrity through a very tumultuous period of American economic history. CPL has mitigated many of the impacts of the nation's longest recession to the library's fiscal base through strong management and leadership, adequate revenues, controlled expenditures, and substantial cash reserves. The financial challenge to CPL will be in maintaining its current level of services across the flagship and branch libraries of the system as the city population, and therefore tax base, declines.

Library Revenues

In Ohio, libraries are primarily funded from the state's total general tax collections through the Public Library Fund (PLF). Additional funding resources for libraries include local voter-approved property tax levies and bond issues, grants, revenues generated from library fines, fees, interest on investments, and "borrowing as allowed by the Ohio Revised Code" (Ohio Library Council, 2008, p.6).

Analysis of revenues can help identify issues with cost controls, revenue-estimating practices, collection and administration of revenues, deterioration of the revenue base, and other problems (Groves, 2003). Since revenues enable an institution to provide services, it is necessary that revenues keep pace with inflation.

Governmental Funds Revenues

Revenues from CPL's Governmental Funds grew at a pace that exceeded the annual rate of inflation – 51.6% overall or 3.9% per year – throughout the 1998-2010 period. The growth was fueled by the strong performance of property taxes, charges for services, and stable intergovernmental revenues.

Gross Governmental Funds revenues, including the General Fund and those funds that host restricted revenues (special revenues and capital projects types of funds), grew from $44.1 million in 1998 to a high of $71.7 million in 2006 before settling at $66.8 million in 2010. The fund averaged more than $61.0 million per year over the 13-year period. The overall performance of Government Funds revenues was bifurcated, with strong growth from 1998 to 2006 at 62.7%, or 6.9% annually, and negative outcomes during the recessionary years of 2007-2010, with -5.2% or -1.3% annually.

General Fund Revenues

General Fund revenues also experienced rigorous growth, expanding by 48.2% overall or 3.7% annually. Like the Governmental Funds, General Fund revenues in the 1998-2006 period outperformed those in the 2007-2010 recession period: Revenues from 1998 to 2006 experienced an increase of 62.3%, while 2007-2010 revenues experienced a -7.4% decline. Within the General Fund revenues:

- Property tax revenues fueled the General Fund growth, in nominal terms as well as average annual growth. Property tax revenues increased by 140.6% overall or 10.8% annually. Nominally, property tax revenues grew from $12.2 million in 1998 to a high of $32.4 million in 2004 before declining to $29.4 million in 2010. During the recessionary years (2007-2009), property tax revenues fluctuated within a relatively small range.

- Intergovernmental revenues remained relatively stable throughout the period, fluctuating within a small range and averaging $30.7 million annually. Charges for services increased 69.7%, or 5.4% annually, providing an average of $2.6 million in annual revenues.

The library's revenue performance, as measured in the following metrics, mirror the nominal dollar and demographic trends, peaked in 2006, and declined through the final four years of the analysis (see Figures 1 and 2 below). The exception is Net Operating Revenue Per Capita, which experienced growth through 2007 and then remained relatively stable due to a significant decline in the city of Cleveland's population during the 1998-2010 period.

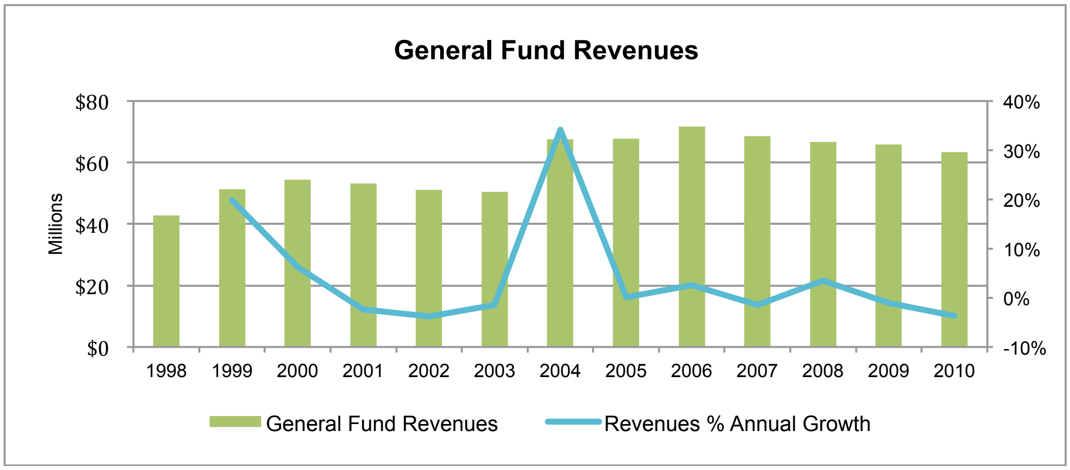


Figure 1: General Fund Revenue Metrics

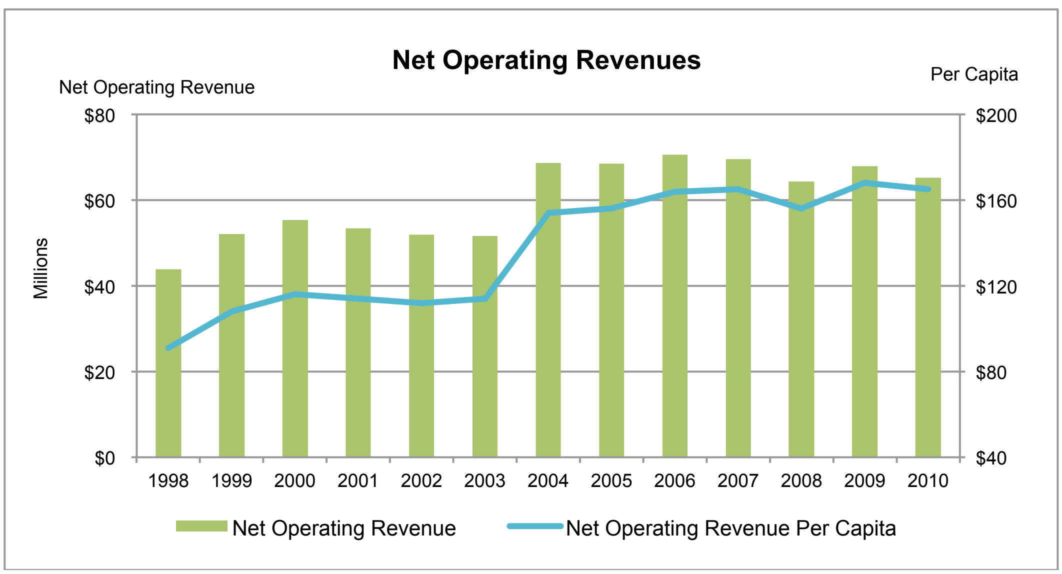


Figure 2: Net Operating Revenue Metrics

Library Expenditures

The amount an entity expends should be in proportion to the services it provides. Analysis of expenditures can help identify issues with inadequate budgetary controls, excessive growth in programs, unwarranted increases in fixed costs, and excessive growth of expenditures relative to revenue. Growth in expenditures should, ideally, not exceed the growth rate of revenues (Groves, 2003).

Governmental Funds Expenditures

Cleveland Public Library Governmental Funds expenditures increased at a slow pace – 1.78 overall or 0.14% per year – throughout 1998-2010, significantly less than the annual rate of inflation and the growth rate of revenues.

Gross Governmental Funds expenditures, including both the General Fund and other funds (special revenues and capital projects types of funds), fluctuated on an upward path over the period, with an initial level of expenditures of $61.4 million in 1998 to a high of $71.7 million in 2008, before settling at $62.5 million in 2010. Within the Governmental Funds expenditures:

- Expenditures for Administration and Support expanded by 42.5% overall, or 3.3% per year throughout the period. Administration and Support expenses were initially $15.0 million in 1998, and reached a high of $25.6 million in 2008 before declining to $21.5 million in 2010.

- Public Services expenditures grew by 36.4% overall, or 2.8% per year, throughout the period. Public Services expenditures grew from $27.9 million in 1998 to a high of $43.8 million in 2008, before declining to $38.2 million in 2010.

- Capital Outlay expenditures fluctuated throughout 1998-2010, beginning with two years of significant investment ($18.4 million in 1998 and $10.9 million in 1999), and then fluctuating within a narrow range through the end of the period. The balance of years (2000-2010) averaged $2.4 million in capital investment.

General Fund Expenditures

General Fund expenditures grew throughout the period, expanding by 33.6% overall or 2.6% annually – a rate slightly lower than inflation. General Fund expenditures grew from $43.8 million to a high of $67.9 million before declining to $58.5 million in 2010. Within the General Fund expenditures:

- Public Services expenditures fueled the growth in General Fund expenditures, in nominal and proportional terms. Public Services expenditures averaged around 63% of General Fund expenditures throughout 1998-2010. Public Services expenditures grew from the initial base of $27.6 million in 1998 to a high of $42.2 million in 2008, before settling at $36.6 million in 2010. This equates to an increase of 32.4% overall or 2.5% per year over the period.

- Expenditures for Administration and Support expanded by 43.1% overall, or 3.3% per year, throughout the period. Administration and Support expenses were initially $14.9 million in 1998, and reached a high of $24.0 million in 2008, before declining to $21.5 million in 2010.

- Capital Outlay expenditures accounted for a small proportion of overall General Fund expenditures, hovering around 1%. These expenditures fluctuated throughout the period, with an initial expense of $385,000 in 1998, a high of $785,000 in 2005, a low of $77,000 in 2003, and settling at $489,000 in 2010. Throughout the period analyzed, Capital Outlay expenditures increased by 27.3% overall or 2.1% annually.

CPL's expenditure performance, as measured in the following metrics, show modest growth over the study period, peaking in 2008 when they exceed Revenues Per Capita and declining in the final two years (see Figure 3 below).

Similar to the revenue metrics, there was a modest growth in employees per capita (see Figure 4). The overall trend during the 1998-2010 period is an increase in the amount of library staff to provide direct-client services; however, the 2008-2010 years show a relative decline.

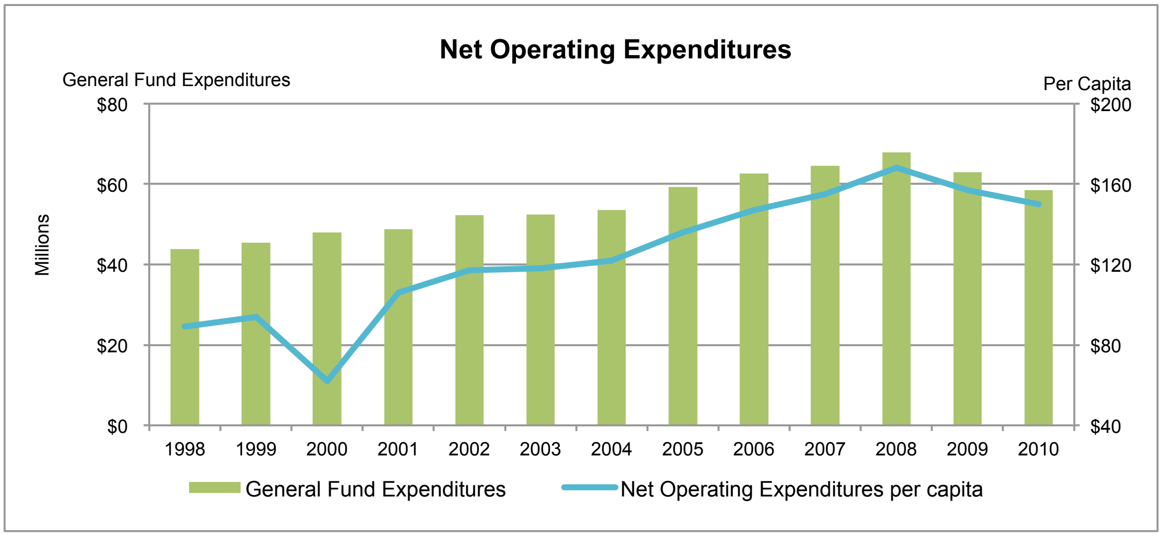


Figure 3: General Fund Expenditure Metrics

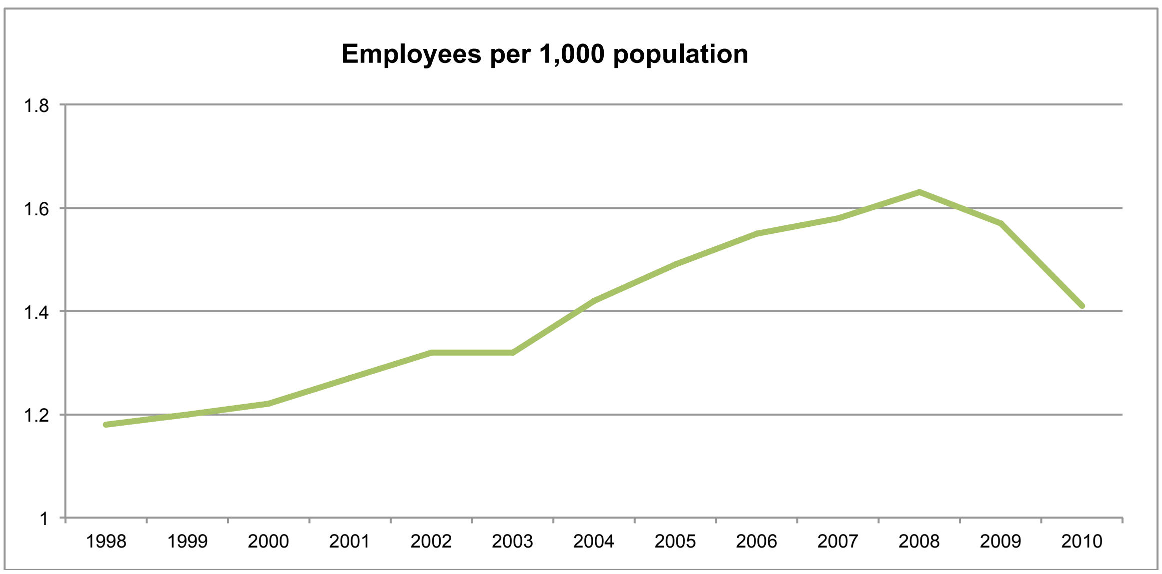


Figure 4: Employees Per Capita

Operating Position

According to Groves (2003), operating position refers to an entity's "ability to (1) balance its budget on a current basis, (2) maintain reserves for emergencies, and (3) maintain sufficient cash to pay its bills on a timely basis." Several situations, such as emerging operating deficits, declining reserves, ineffective revenue-forecasting techniques and budgetary controls, and inefficient management of enterprise operations can be identified by analyzing an entity's operating position. In assessing CPL's operating position, the PM examined the fund balance of the General Fund and the General Fund's liquidity (the ability in which assets can be converted to cash) ratio.

CPL has maintained healthy cash reserves, with a strong (General Fund) Fund Balance position and a significant liquidity ratio (a current account surplus). Over the 1998-2010 period, the General Fund Undesignated Fund Balance ranged from 5.7% to 51.1% of General Fund revenues, with a 13-year average of 33.1%. The General Fund's Fund Balance has provided a significant safety net for CPL during the recessionary period. The Ohio Library Council recommends that libraries maintain three to four months of liquidity. The Government Finance Officers Association (GFOA) recommends a minimum of 5% to 15% of the previous year's General Fund revenues or no less than one to two months of General Fund operating expenditures be maintained to protect against unpredicted temporary revenue shortfall. Also, Moody's Investors Service recommends that local government entities maintain a Fund Balance of 10% to 20% of revenues in the General Fund.

The library has maintained a significant General Fund liquidity ratio, falling between 1:7.7 and 1:2. This easily exceeds the recommended level of 1:1 (see Figure 5). The average liquidity ratio over the 1998-2010 period was 1:14.8.

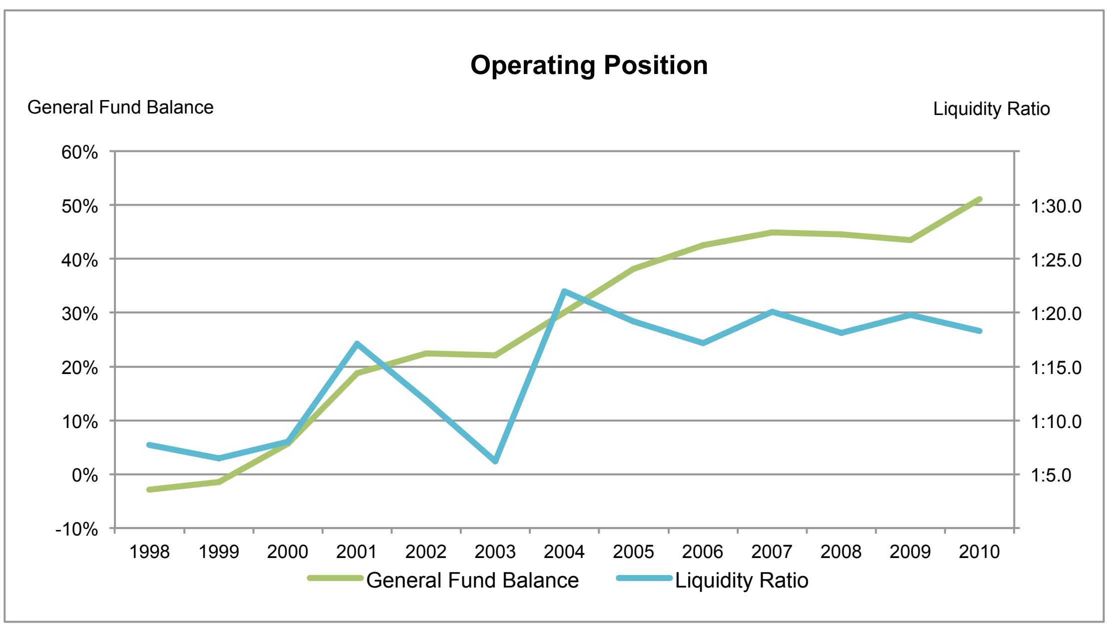


Figure 5: Operating Position Metrics

Debt

The administration of CPL debt is conducted under the auspices of the Cleveland Municipal School District (CMSD). The Annual Financial Reports of CPL do not define the external debt or debt service position of the library. The debt position of CPL is also not clearly defined in the Annual Financial Report of the CMSD.

The library's debt position is an important financial indicator that, despite the nontraditional relationship between CPL and CMSD, should be reflected in the library's annual financial statements.

Economic/Demographic Metrics

Assessed value reflects the value placed on property by a government. In Ohio, this value is established by the county for the purpose of assessing property taxes. Assessed valuation is important because most local governments rely on property taxes for some portion, and in some cases a significant portion, of their revenues (Groves, 2003).

A (growth) trend in the library's assessed valuation is a significant indicator of the overall financial health of the principal revenue source of the institution. Assessed valuation also serves as collateral on the issuance of municipal bonds. A reduction in the level of assessed valuation means a reduction in the bond capacity of the library. The 2012 scheduled reassessment of real property in Cuyahoga County may carry the balance of the impact of the 2008 housing crash: The 2009 (full six-year) reassessment was initiated just four to five months after the beginning of the crash. The full impact of the crash in 2009 and 2010 is likely to be chronicled in the upcoming reassessment.

The assessed valuation of real property assigned to CPL experienced an overall increase of 1.1% or an annual growth average of .08% in the nominal value during the 1998-2010 period (see Figures 6 and 7 below). This slow growth was fueled from 2007 to 2010 by the national recession and housing market collapse, which affected the greater Cleveland area much like the rest of the country. CPL's assessed valuation experienced moderate growth from 1998 to 2006 (prerecession period) of 18.0% overall or 2.0% annually. From 2007 to 2010, CPL's assessed valuation experienced an overall loss of 7.5% or less than 1% per year. The recessionary period of 2007 to 2010 witnessed a loss of 7.3% in library property tax revenues and an overall loss of 8.7% of General Fund revenues.

Between 1990 and 2010, the city of Cleveland experienced a decline of nearly one-fifth of its population, from 502,895 to 396,815 (see Table 4). During the same time period, Cuyahoga County experienced a modest decline in population from approximately 1.4 million to 1.3 million. This undermines the long-term tax and revenue base of the library.

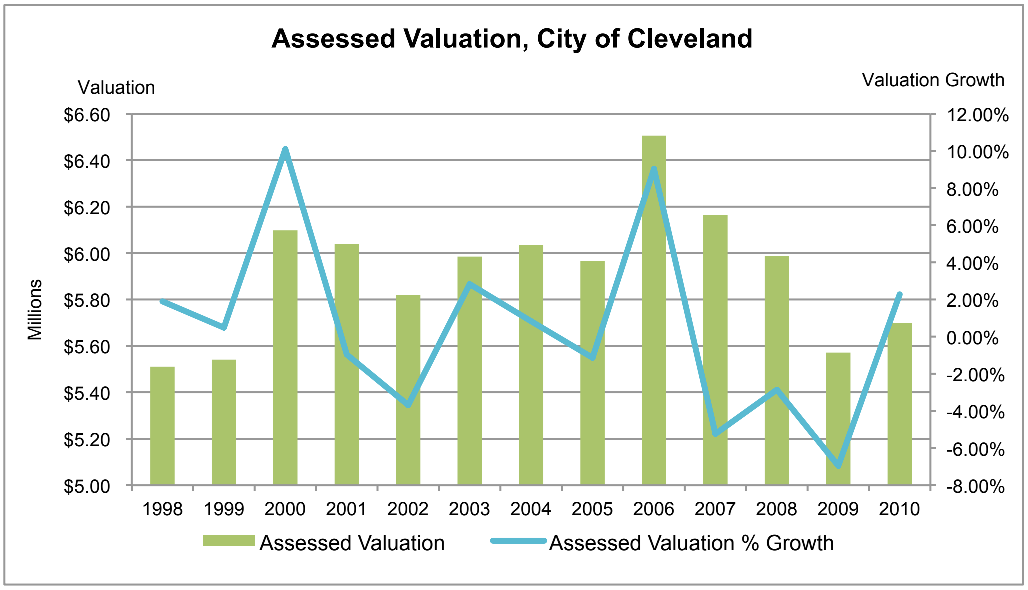


Figure 6: Assessed Valuation

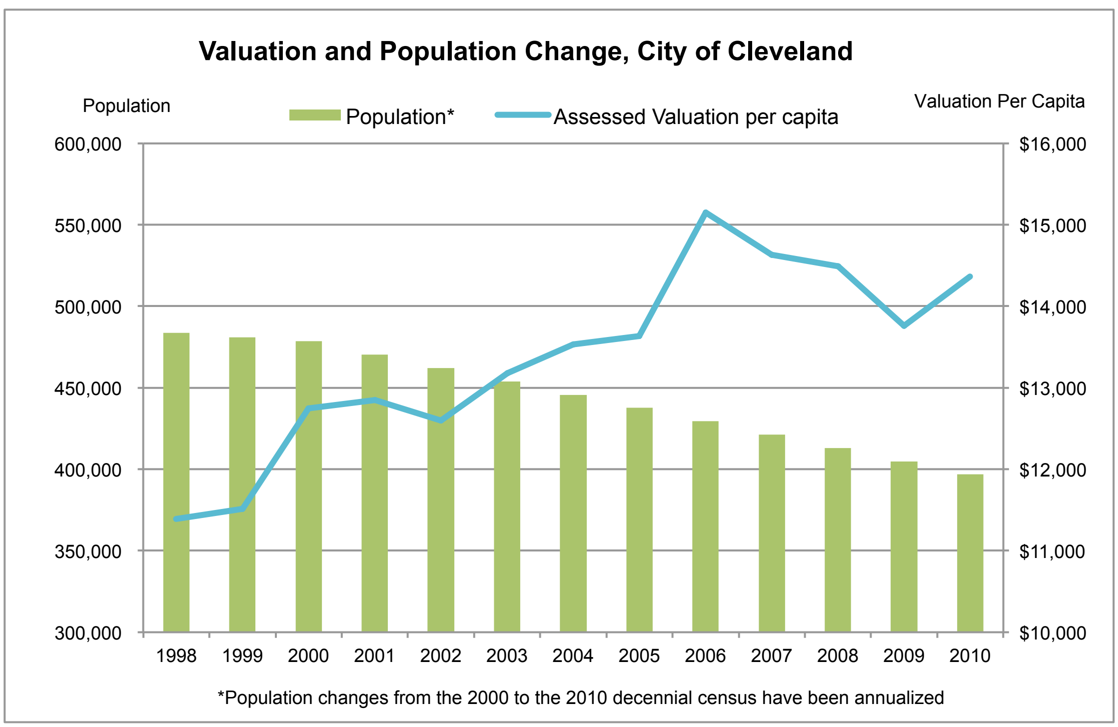


Figure 7: Assessed Valuation Per Capita

Financial Considerations

The library would be better served by moving from its traditional Annual Financial Report format to a more detailed Comprehensive Annual Financial Report (CAFR) format. A CAFR would provide library management, board members, citizens, students, and bond buyers with information – both qualitative and quantitative – that would allow for a greater understanding of the financial position of CPL.

A CAFR format includes more detailed information serving both a strategic and tactical purpose, such as:

- Auditor's summary report
- Finance Director's transmittal letter, management discussion, and analysis
- Government-wide financial statements
- Fund financial statements
- Notes to the Basic Financial Statements
- Statistical section

The additional financial reporting defines what the entity planned and accomplished, what major initiatives are planned, the financial performance of the overall entity and its individual financial funds, long-term trends in revenues and expenditures, economic base information, and the economic makeup of the entity's jurisdiction.

FINANCIAL METRICS FOR OHIO AND NATIONAL PEER LIBRARIES

The comparison of revenue and expenditure metrics for 2010[6] can assist in defining the status of library operations of the Cleveland Public Library relative to a cohort of libraries that are similar in size, structure, programmatic content, and geography. The use of metrics in measuring performance relative to peer institutions can enhance the strategic management of an organization, managing for results and measuring outcomes relative to the annual and long-term goals of an organization.

For the purposes of the financial review, 15 libraries are considered by CPL as comparable libraries – those having similar characteristics to that of CPL. Comparisons are made in Tables 1-3. The libraries are organized into two cohorts: eight national libraries and seven Ohio-based libraries. Metrics were assembled utilizing the Public Library Association's *Public Library Data Service Statistical Report 2011* and CPL's 2010 Annual Report data. Data were extrapolated from these sources to identify metrics and averages across the national and Ohio samples.

In 2010, CPL performed at the top of the distribution of its peer sample of libraries across the nation. Strong revenues and expenditures performance, with revenues exceeding expenditures, underscore the financial position of the library relative to its peer institutions. CPL leads the peer sample across all metrics, perhaps necessitating the expansion of the sample of competitor libraries to include institutions (geographies) with similar budgets, staff, and service offerings (e.g. research libraries).

Revenues

The nominal revenues of the Cleveland Public Library compare favorably to both the national and Ohio libraries (see Tables 1 and 2). CPL, with $63.7 million in 2010 revenues, had the third highest revenue base of the Ohio and national libraries, with only Cuyahoga County Public Library ($68.9 million) and Las Vegas-Clark County Library ($65.7 million) exceeding revenues for that year. The Las Vegas-Clark County Library serves a population of 1.4 million residents and the Cuyahoga County Public Library serves a population of 568,000. CPL revenues also exceeded the averages of both the national and Ohio samples for 2010 (see Table 3).

The CPL revenues-per-capita metric at is at the top of the distribution of libraries in the two samples, at $160.68 per capita. Cuyahoga County Public Library is second with

[6] Public Library Association. 2011 Public Library Data Service Statistical Report. Chicago: American Library Association, 2011.

$121.25 and the Seattle Public Library is third with $82.26. Each of the three is above the national and Ohio averages, $61.57 and $64.87 respectively.

Expenditures

The 2010 nominal expenditures of the Cleveland Public Library, at $58.5 million, were near the top of the distribution for the national and Ohio library samples, with only the Cuyahoga County Public Library expenditures exceeding CPL, at $67.3 million. The Public Library of Cincinnati and Hamilton County was third at $54.2 million and Seattle was fourth at $49.7 million. CPL, Cuyahoga County Public, and Seattle exceeded the national and Ohio averages.

CPL and the Cuyahoga County Public Library led the way with expenditures per capita: CPL with $147.51 and the Cuyahoga County Public Library with $118.57. The Seattle Public Library, with $81.75, led the national library sample. All three exceed the national and Ohio averages of $58.97 and $56.65, respectively.

Staff

The Ohio libraries of Cincinnati, Columbus, and Cuyahoga County have the largest number of staff persons (FTE), with 686, 609, and 601, respectively. CPL, with 558 (FTE) staff, exceeded the national average of 413 and the state average of 501.

The number of Staff per 1,000 in Population of the national and Ohio libraries was led by CPL at 1.41. The Cuyahoga County Public Library ranked second at 1.06, with the St. Louis Public Library third at .98. These exceeded the national and Ohio averages of .68 and .78, respectively.

Table 1: 2010 National Library Metrics

Library	Staff	Revenues	Expenditures	Population	Revenues Per Capita	Expenditures Per Capita	Staff per 1,000 Population
Cleveland Public	558	$63,760,587	$58,534,175	396,815	$160.68	$147.51	1.41
Enoch Pratt (Baltimore)	491	$36,758,700	$36,758,700	637,455	$57.66	$57.66	0.77
Milwaukee Public	320	$23,961,312	$24,201,590	604,477	$39.64	$40.04	0.53
Boston Public	398	$40,300,000	$45,959,098	617,594	$65.25	$74.42	0.64
Denver Public	421	$33,052,479	$29,473,750	592,052	$55.83	$49.78	0.71
Seattle Public	511	$50,066,922	$49,757,371	608,660	$82.26	$81.75	0.84
St. Louis Public	313	$24,944,169	$21,071,070	319,294	$78.12	$65.99	0.98
D.C. Public	392	$41,004,778	$40,786,571	601,723	$68.15	$67.78	0.65
Las Vegas-Clark County	454	$65,700,429	$49,433,708	1,439,699	$45.63	$34.34	0.32

Table 2: 2010 Ohio Library Metrics

Library	Staff	Revenues	Expenditures	Population	Revenues Per Capita	Expenditures Per Capita	Staff per 1,000 Population
Cleveland Public	558	$63,760,587	$58,534,175	396,815	$160.68	$147.51	1.41
Columbus Metropolitan	609	$42,549,048	$43,639,406	850,213	$50.05	$51.33	0.72
Cincinnati and Hamilton County	686	$59,649,021	$54,247,920	851,494	$70.05	$63.71	0.81
Dayton Metro	364	$30,174,417	$26,347,768	465,127	$64.87	$56.65	0.78
Toledo-Lucas County	290	$32,470,629	$31,593,475	463,493	$70.06	$68.16	0.63
Youngstown and Mahoning County	150	$11,860,142	$10,850,207	237,978	$49.84	$45.59	0.63
Cuyahoga County	601	$68,905,624	$67,385,597	568,306	$121.25	$118.57	1.06
Akron-Summit County	303	$23,959,268	$24,281,765	377,213	$63.52	$64.37	0.8

Table 3: 2010 National and Ohio Average Metrics

Library	Staff	Revenues	Expenditures	Population	Revenues Per Capita	Expenditures Per Capita	Staff per 1,000 Population
National	413	$39,473,599	$37,180,232	677,619	$61.57	$58.97	0.68
Ohio	501	$38,509,736	$36,906,591	544,832	$64.87	$56.65	0.78

CHANGES TO THE OHIO PUBLIC LIBRARY FUND

The Ohio Public Library Fund (PLF) is the primary revenue source for Ohio's libraries. It is a mechanism that enables a significant amount of state taxes to be dedicated to funding public libraries in the state, in turn allowing those libraries to provide a level of service that far exceeded what would have been possible relying on local support alone.

The state budgets for fiscal years 2012 and 2013 changed the funding formula for the state's PLF, negatively impacting public library funding. The state legislature establishes a funding formula in order to guarantee all counties a share of state tax revenues. Each county then distributes the funds to the library systems in its jurisdiction.

There are actually three formulas at work in bringing money from the state to individual libraries: the determination of the overall fund, by state law; the determination of each county's share, also by state law; and the division of the county share among its library systems, according to the determination of the county government.

Prior to 2009, the state allocated 5.4% of personal income tax collections to the PLF. The PLF allocation was changed to 2.22% of total tax revenue for the 2008-2009 biennial budget and then further reduced for the 2010-2011 biennium to 1.97%. For the 2012-2013 biennium (which began July 1, 2011), the formula was changed again. Instead of using a percentage of tax revenues, the current funding formula takes the 2010-2011 fiscal year as a base level and allocates 95% of the base level for the next two years, regardless of state revenues. In addition, nearly $5 million per year is transferred to the Ohio Public Information Network Technology Fund and the Library for the Blind Fund (Ohio Department of Taxation, 2011a).

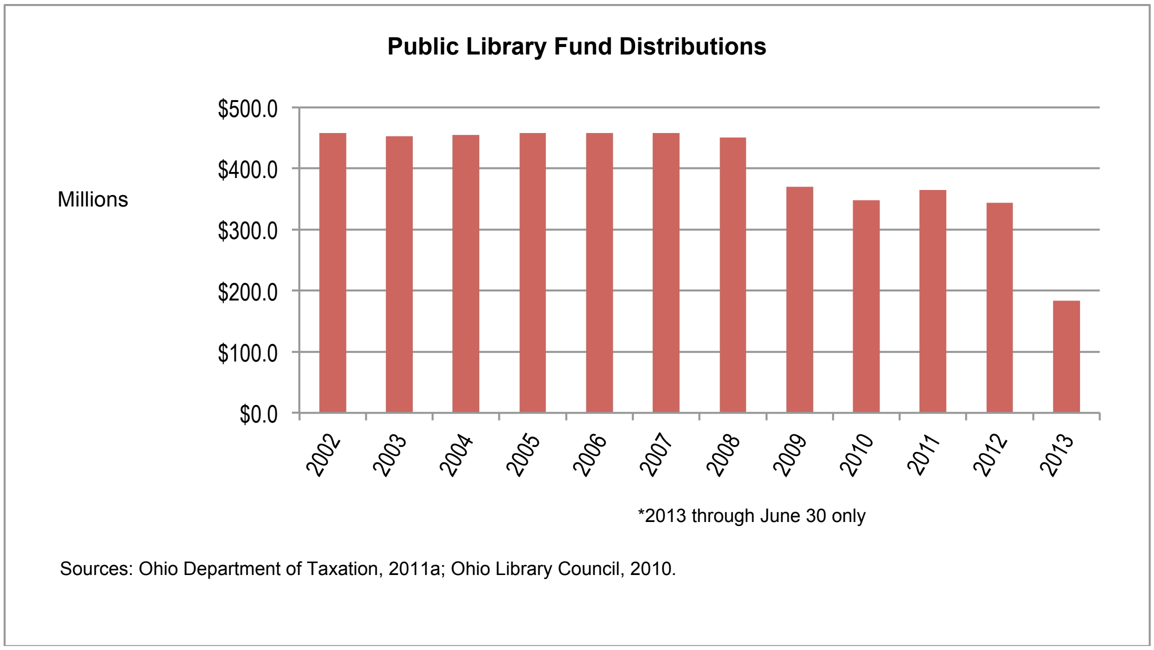


Figure 8: Public Library Fund Distributions

The impacts of these changes have been significant for the state's public libraries. From 2002 to 2008, the PLF distribution showed little variation due to a funding freeze; the PLF allocation ranged from a low of $450 million to a high of $457 million (see Figure 8). But in 2009, the distribution fell to just $370 million and then to $348 million in 2010. The fund rebounded in 2011 to $364 million (Ohio Library Council, 2010b; Ohio Department of Taxation, 2011a, p. 3).

Because of the change in the statewide formula, the Ohio Department of Taxation (2011b) can determine the funding levels for the PLF through June 2013. For 2012, the distribution will be $344 million. In the first half of 2013, the PLF distribution will be $183.7 million. On July 1, 2013, a new budget will be in effect with a new PLF funding formula, presumably based on a share of state revenues.

It should be noted that the funding formulas for the Public Library Fund have undergone frequent revision in the past decade in response to budgetary pressures and declining state revenues, usually in a manner unfavorable to public libraries. Also, because of the current funding formula, should state revenues continue to improve with low or moderate economic expansion, libraries will not share in that increased revenue.

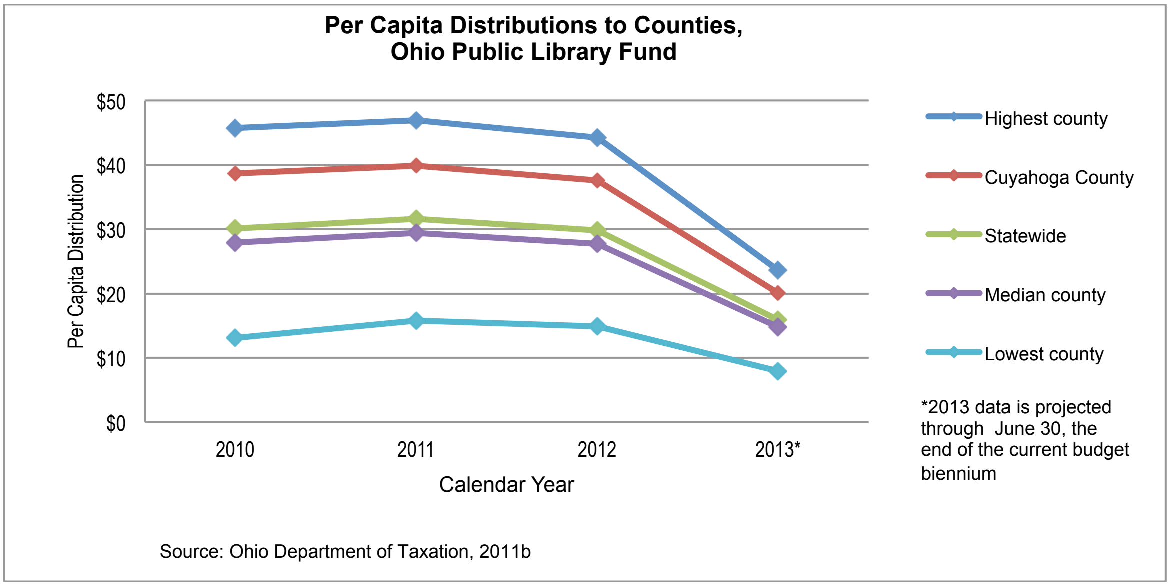


Figure 9: Per Capita Distributions to Counties, Ohio Public Library Fund

Prior to the funding changes enacted under the latest budget, distributions from the PLF (see Figure 9) to individual counties were made according to a ratio calculated according to the Ohio Revised Code (§ 5747.46). All counties received a "guaranteed share" plus a "share of excess" or equalization share. The guaranteed share was calculated by adjusting the previous year's distribution for inflation. Any excess funds were distributed by multiplying that amount by a ratio that is designed to even out differences in per capita funding. As the Ohio Library Council explains, the distribution formula shifts the distribution "in inverse proportion to per capita funding levels among the counties—those counties which received less per capita in the guarantee share, receive more in the equalization share. Thus, over time, the distribution to counties begin to balance" (2008, viii). In years where there is no excess distribution (including the current budget biennium), there will be no rebalancing of the per capita distribution. Per capita distributions to Cuyahoga County from the PLF are near the higher end of the per capita distributions to Ohio counties, and well above both the statewide per capita figure and the median for county distributions.

In 2008 Cuyahoga County's library systems and the Cuyahoga County Budget Commission entered into an agreement governing the allocation of the county's share of the PLF.[7] According to that agreement, from 2009 to 2013 the Cleveland Public Library

[7] Cleveland Public Library Board Meeting Minutes, April 17, 2008, pp. 301-307.

will receive 41.1843% of the county PLF funds that are equal or less than the 2007 PLF distribution, and 34.48% of PLF funds that exceed the 2007 amount. (Since the PLF has declined significantly since 2007, the second percentage is not relevant.) Applying that percentage to the projected distributions to Cuyahoga County, CPL can expect to receive approximately $19.8 million from the PLF in 2012 and $10.6 million in the first six months of 2013.

OHIO AND NATIONAL PEER LIBRARIES

Financial officers from Ohio and national libraries considered as peers to the Cleveland Public Library were interviewed to learn of their experiences as to how their libraries have managed fiscal operations through the economic climate of the past decade. These professionals discussed the structure, leadership, and financial operations of their libraries. The financial officers also shared their insights on financial planning, management, and sustainability through the past decade of economic turbulence. Libraries considered as peers by CPL are those that are similar in annual budget, population served, geography, and neighborhood branches.

Ohio Libraries

This section summarizes the overall characteristics of CPL and the seven Ohio libraries comparable to that of CPL. The dashboard in Figures 10 and 11 graphically depict the summary of characteristics presented in this section. All data are for the year 2010. Complete profiles of these libraries are contained in Appendix B. Finance officers from CPL and the following Ohio libraries were interviewed:

- Akron-Summit County Public Library (Akron, OH)
- Columbus Metropolitan Library (Columbus, OH)
- Cuyahoga County Public Library (Parma, OH)
- Dayton Metro Library (Dayton, OH)
- The Public Library of Cincinnati and Hamilton County (Cincinnati, OH)
- The Public Library of Youngstown and Mahoning County (Youngstown, OH)
- Toledo-Lucas County Public Library (Toledo, OH)

General Characteristics

CPL and its peer Ohio libraries in 2010 served urban and suburban populations ranging from 238,000 (Youngstown) to 840,000 (Columbus). CPL ranked sixth among its Ohio peers in terms of population served (400,000). The library's service area comprises 77 square miles. Youngstown and Toledo libraries served the fewest number in population per square mile – 562 people per square mile and 733 people per square mile, respectively.

Cincinnati has the highest number of locations (41) to serve its communities, while Youngstown has the fewest at 16. Cleveland's number of locations (29) is comparable to that of Cuyahoga County with 28 locations.

Among its Ohio peers, CPL ranks second in the number of items contained in its catalog in 2010, at 4.5 million; Cincinnati noted 9 million items in its catalog that year. Akron, Columbus, Cuyahoga County, Dayton, and Toledo libraries were similar in the number of holdings, ranging from 2 million (Dayton) to 2.7 million (Toledo). Collectively, the eight Ohio libraries housed more than 26 million items in 2010.

These libraries experienced substantial numbers of visitors to their locations in 2010. Cuyahoga County, Columbus, and Cincinnati libraries experienced the highest number of visitors, with 7.6 million, 7.0 million, and 6.4 million, respectively. CPL and the Akron, Dayton, and Toledo libraries saw visitors numbering 3.0 to 3.9 million. The total number of visitors experienced by all eight libraries in 2010 was 35.9 million.

Governance and Administration

Of the eight libraries, CPL is the only school district library and, as such, shares it service area with the boundaries of the Cleveland Municipal School District (CMSD). The CMSD also serves as the taxing authority for CPL. Six of the eight libraries are county district libraries, where the county serves as the taxing authority (Akron, Cincinnati, Columbus, Cuyahoga County, Dayton, and Toledo). Youngstown also differs from the others in that it is an association library, formed as a not-for-profit organization. CPL and the six county library districts are governed by seven-member boards of trustees, while Youngstown is overseen by a 15-member board of trustees.

Financial Management and Planning

The eight libraries prudently managed budgets despite consistent budget reductions over the past five years. For most of the peer libraries, revenues outpaced expenditures in 2010. CPL, Cincinnati, Cuyahoga County, Dayton, Toledo, and Youngstown libraries were able to keep expenditures below revenues that year. Two of the libraries – Akron and Columbus – saw expenditures exceed revenues in 2010.

The majority of funding resources for these libraries are derived from the Ohio Public Library Fund and local property taxes. Other revenue sources include grants, gifts and donations, fines, fees, and investment earnings.

Forecasting future revenues and expenditures is one way these libraries plan for future needs; however, continuing declining revenues pose a challenge to forecasting. The libraries maintain operating reserves to offset budget shortfalls and emergencies. The Ohio Library Council recommends that libraries maintain 3 to 4 months of operating funds, yet most of the libraries meet or exceed this amount. CPL keeps 4 to 5 months of contingency funds on hand, while Columbus meets the Ohio Library Council recommendation. Cuyahoga County maintains 5% of its total budget and Cincinnati reserves 3% of its General Fund balance. The Youngstown library maintains 3 months of its General Fund balance, while Dayton keeps 100 days of operating cash on hand

and Toledo reserves 1 month of operating expenses.

Financial Sustainability

The libraries have implemented several cost-cutting measures over the past five years to aid in balancing their budgets:

- Freezing and reducing salaries
- Laying off and reducing staff
- Initiating employee furlough days
- Reducing employee healthcare benefits
- Reducing employee vacation and sick time
- Creative contract negotiations with unions
- Consolidating job positions
- Increasing fines and fees
- Reducing library services (e.g., bookmobile, book bindery)
- Reducing purchases of library materials (books and materials)
- Reducing operating hours
- Postponing capital improvements and maintenance projects
- Eliminating and/or reducing funding for technology and capital improvements
- Reorganizing and streamlining library operations
- Merging branch locations

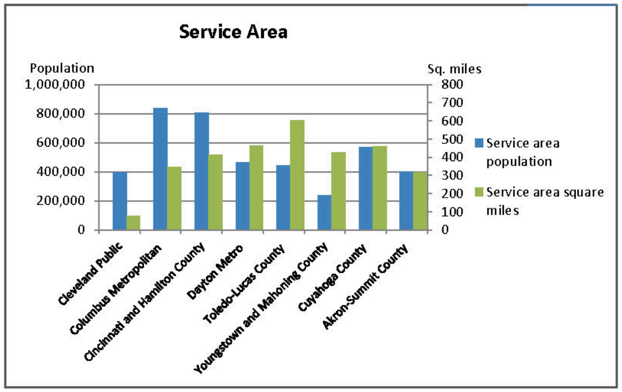
The financial professionals from these libraries shared their experiences learned throughout their years in library financial management, pointing out trends and challenges impacting library operations and fiscal planning. Some of their observations on trends are:

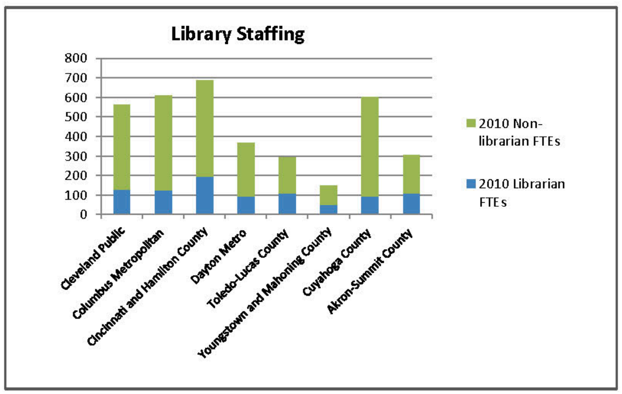
- An increase in the level of legal review of employment contracts stemming from union involvement
- An inconsistent and shrinking flow of library revenues
- An automation and decentralization of library financial processes (e.g., online banking, direct deposits, acceptance of credit cards for fines and fees)
- A strong emphasis on fiscal stewardship, return on investment, and accountability among libraries
- A demand for increasing community services (e.g., homework help, employment resources, employment applications) with shrinking revenue resources
- An increase in compliance with financial standards
- A greater need for libraries to seek local support for library services

Observations on challenges are:

- A continuing challenge to redefine the library’s role within its community as technology and community needs change
- A struggle for libraries to remain relevant to their communities due to e-books, e-readers, the availability of public online services, and advancing technology

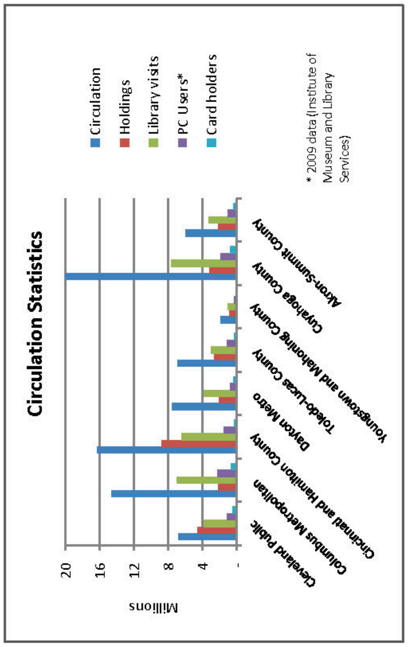
Peer Libraries at a Glance: Ohio

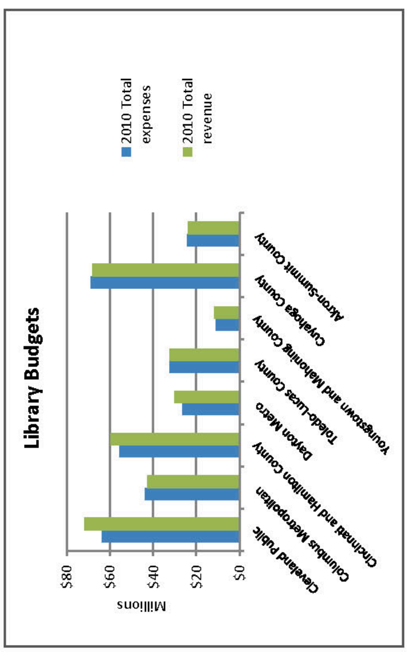




Library Name	Number of libraries (main + branches)	Bookmobile (Yes / No)	Urban/ Suburban/ Rural	Type of library	Governance structure (# of members)	How is the board chosen
Cleveland Public	29	Yes	Urban	School District	Board of Trustees (7)	Appointed by the Board of Education
Columbus Metropolitan	21	Yes	Urban and Suburban	County Library District	Board of Trustees (7)	4 appointed by County Commissioners; 3 by the Judges of Court of Common Pleas
Cincinnati and Hamilton County	41	No	Urban and Suburban	County Library District	Board of Trustees (7)	4 appointed by County Commissioners; 3 by the Judges of Court of Common Pleas
Dayton Metro	21	Yes	Urban and Suburban	County Library District	Board of Trustees (7)	4 appointed by County Commissioners; 3 by the Judges of Court of Common Pleas
Toledo-Lucas County	19	Yes	Urban and Suburban	County Library District	Board of Trustees (7)	4 appointed by County Commissioners; 3 by the Judges of Court of Common Pleas
Youngstown and Mahoning County	16	No	N/A	Association, County Extension	Board of Trustees (15)	5 trustees elected to a 3-year term each Annual Meeting.
Cuyahoga County	28	No	Suburban	County Library District	Board of Trustees (7)	4 appointed by the county executive and 3 by the Court of Common Pleas judges.
Akron-Summit County	18	Yes	Urban and Suburban	County Library District	Board of Trustees (7)	4 are appointed by the Summit County Executive and Council; 3 by the Judges of the Court of Common Pleas.

Figure 10: Peer Libraries at a Glance: Ohio





All data are from interviews with individual library finance directors and the Public Library Data Service, Statistical Report 2011 (Chicago: American Library Association, 2011), except for the number of PC users, which comes from the Institute of Museum and Library Services, Public Libraries in the United States Survey (2009 data), retrieved from http://www.imls.gov/research/public_libraries_in_the_united_states_survey.aspx.

Figure 11: Peer Libraries at a Glance: Ohio (cont'd)

National Libraries

The overall characteristics of CPL and the eight national libraries considered comparable to CPL are presented in this section, while full narratives of each are located in Appendix D. Figures 12 and 13 provide a dashboard of these characteristics. All data are for the year 2010. Interviews were conducted with finance officers from the following national libraries:

- Boston Public Library (Boston, MA)
- Denver Public Library (Denver, CO)
- District of Columbia Public Library (Washington, DC)
- Enoch Pratt Free Library (Baltimore, MD)
- Las Vegas-Clark County Library District (Las Vegas, NV)
- Milwaukee Public Library (Milwaukee, WI)
- Seattle Public Library (Seattle, WA)
- St. Louis Public Library (St. Louis, MO)

General Characteristics

The national peer libraries and CPL serve primarily urban populations, the majority of which provide services within a range of 100 square miles or less. The service geography of the Denver and Milwaukee libraries extends beyond that of 100 square miles; Denver serves a 155-square-mile geography, and Milwaukee's service area covers 106 square miles. Las Vegas additionally serves rural and suburban populations and provides services across 6,277 square miles. CPL ranks 8th among its national peers in terms of total population (400,000), with St. Louis serving the smallest population of 319,000. The remaining national libraries serve populations ranging from 600,000 (D.C.) to 630,000 (Baltimore, the largest).

Among its national peers, CPL has the highest number of locations (29), while Milwaukee has the fewest at 13. Boston and Seattle libraries both have 27 locations; the other libraries have locations ranging from 16 to 25.

CPL ranked second to Boston in terms of number of items in its catalog in 2010. Boston had 16 million items, while CPL had 4.5 million. St. Louis ranked third among the national CPL-comparable libraries in number of items with 3.3 million in 2010, while the Denver, D.C., Baltimore, Las Vegas, Milwaukee, and Seattle libraries were similar in the number of holdings in their catalogs, ranging from 2.14 million (D.C.) to 2.73 million (Las Vegas). Overall, CPL and the national libraries housed more than 38.1 million items in 2010.

The total number of visitors to CPL and the national libraries in 2010 exceeded 40 million. Denver, Las Vegas, and Seattle libraries experienced the highest number of visitors at 9.3 million, 7.1 million, and 7.0 million, respectively. CPL and Boston experienced similar numbers of visitors (3.8 million), while the total number of visitors for D.C., Baltimore, Milwaukee, and St. Louis ranged from 2.0 million (Baltimore) to 2.9 million (D.C.). The collective number of visitors to CPL and the national libraries in 2010 totaled 40.2 million.

Governance and Administration

The majority of the peer national libraries are municipal libraries, where their primary source of funding is derived from city budgets. Boston, Milwaukee, and Seattle are designated as official departments within their cities, whereas the Denver library is a department within the Denver consolidated city-county government. The D.C. library was formed by an 1896 Act of Congress, and the Baltimore library is a nonprofit 501(C)(3) organization created by an act of the Maryland legislature. The Las Vegas and St. Louis libraries are library districts and, as such, are independent taxing entities. CPL is the only one of its national peers that is a school district library, where the CMSD school district serves as the taxing authority for the library.

The number of board members and methods of board appointments vary among the national libraries. A seven-member board of trustees appointed by the CMSD Board of Education governs CPL. The boards of the Boston, St. Louis, and D.C. libraries comprise nine members, all of whom are appointed by the mayor and approved by city council. An eight-member library commission appointed by the mayor governs the Denver library, while the Seattle library has five board members, also appointed by the mayor and approved by city council. The Baltimore library has two boards – one comprising 17 trustees appointed for life and a separate board to oversee its role as the State Library Resource Center; although this board comprises 25 members, 15 of those also serve on the library's board of trustees. The Milwaukee library is governed by 12 members, while the Las Vegas library has 10 members on its board of trustees, five of whom are appointed by the county commission and five by the city council.

Financial Management and Planning

Although challenged by decreasing revenues from prior years, CPL, Denver, Seattle, St. Louis, and Las Vegas were able to keep expenditures below revenues in 2010. The Baltimore and D.C. libraries basically broke even on revenues and expenditures for 2010, while Boston and Milwaukee's expenditures exceeded revenues for that year.

Funding for the majority of these libraries is primarily derived from city operating budgets and property and sales taxes. Additional funding sources include state and federal funds, endowments, gifts, grants, donations, investments, fines, fees, and Community Development Block Grant funds. Seattle additionally receives revenues from copy services, concessions proceeds, parking revenues, and cable franchise fees.

Planning for future revenues and expenditures is a challenge for these libraries. Although CPL and most of the national libraries forecast for revenues and expenses, the library finance professionals indicated that it is difficult to forecast for declining revenues and increasing expenses. Because most of these are city libraries and serve as departments within city governments, these libraries do not carryover funds for operations. CPL maintains 4 to 5 months of operating funds, Boston has a contingency reserve fund equal to 2% of its operating budget, Las Vegas keeps 6% or higher of operating revenues on hand, and St. Louis maintains a fund balance of $11 million.

Financial Sustainability

The national libraries have initiated methods similar to that of the Ohio libraries to help reduce costs and balance budgets. In addition to the methods listed by their Ohio counterparts, the national libraries have:

- Utilized Community Development Block Grant (CDBG) funds to operate branch locations
- Utilized American Recovery and Reinvestment Act (ARRA) funds to purchase capital equipment and technology, and for employee training
- Sought private funding for technology and other needs
- Began to plan in 2001 for capital budget needs by establishing a reserves fund for capital projects
- Forecasted revenues and expenditures to provide a more realistic future financial position, based on economic trends
- Created an online dashboard of library usage and financial statistics to demonstrate its value and document benefits of the library to the community in an effort to sustain external funding resources
- Utilized outcome-based budgeting methods, whereby outcomes that demonstrate progress toward goals are tied to specific expenditures
- Eliminated paper mailings to patrons (e.g., notices for pickups, fines, library account information) and changed to email and automated telephone notifications
- Allowed staff vacancies to remain unfilled
- Changed professional librarian positions to paraprofessional positions (lower pay level and degree not required)
- Reduced budgets for employee training
- Contracted for custodial, security, and building maintenance services

- Purchased coin copiers as revenue-generating sources rather than contracting for copy services
- Closed and consolidated branches
- Explored options for adaptive reuse of branch buildings and the creation of kiosk or express stations in branch locations impacted by closings or consolidations
- Instituted a system-wide closure of the main and branch library locations for one week (employees were unpaid and did not accrue vacation or retirement benefits)

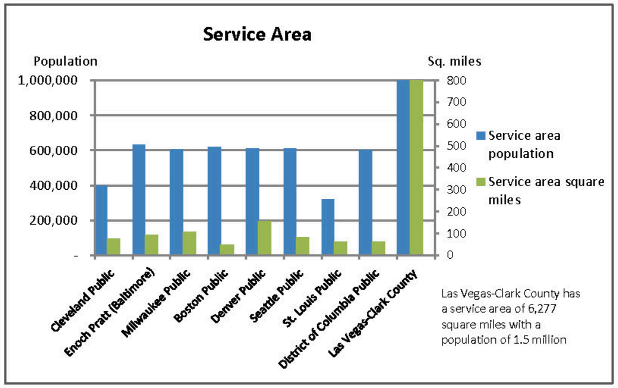
The finance professionals of these national libraries also shared their experiences as to the trends and challenges they've seen throughout their tenure in the library financial management field. Their observations on trends are:

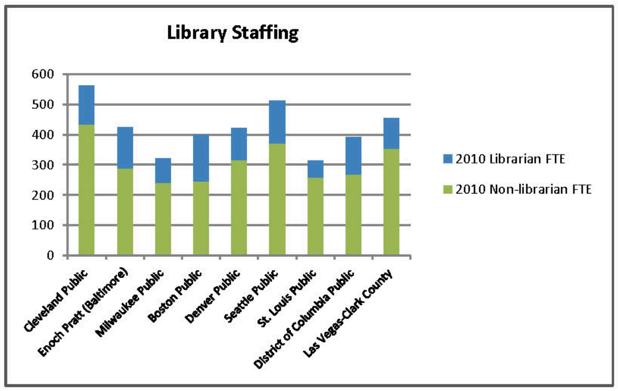
- A greater demand for library services
- A need for libraries to interact with the community and be responsive to its needs
- A need for libraries to advocate to citizens, funders, and elected officials the value of libraries
- A need to better prioritize library services to patrons due to funding constraints
- A need for better cash flow management of library funds
- A need to utilize one-time resources (funding or otherwise) wisely
- A need to cultivate funding from beyond city and state resources
- A demand for strong financial staff
- An increase in the use of revenue and expenditure forecasting techniques
- A need for strategic planning to guide library and board management

Observations on challenges to libraries are:

- Technology
  - The threat of technology to the bricks and mortar existence of libraries
  - Keeping up with technology and the ability to predict the needs of library users as technology becomes more affordable
  - Libraries staying relevant amidst the changing demands for information
- Maintaining a safe and clean environment for staff and patrons

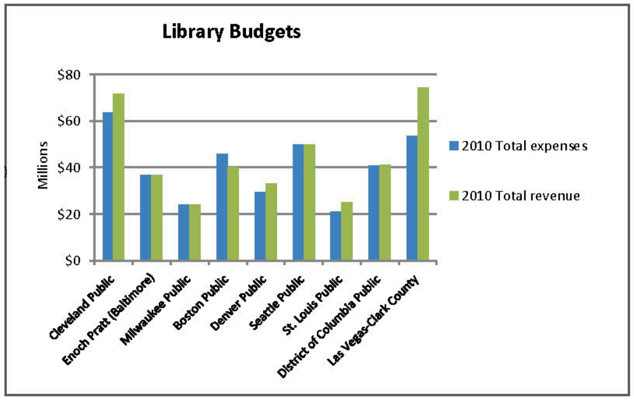
Peer Libraries at a Glance: National

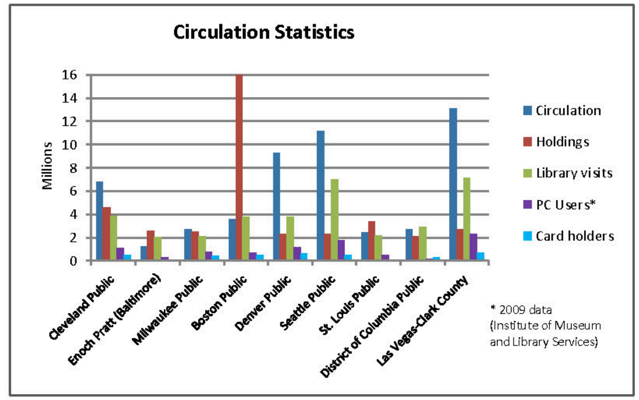




Library Name	Number of libraries (main + branches)	Bookmobile (Yes / No)	Urban/ Suburban/ Rural	Type of library	Governance structure (# of members)	How is the board chosen
Cleveland Public	29	Yes	Urban	School District	Board of Trustees (7)	Appointed by the Board of Education
Enoch Pratt (Baltimore)	22	Yes	Urban	City	Board of Directors (25); Board of Trustees (17)	Recruited by current members. Trustees are city residents; Directors include the state as a whole, to govern the State Library Resource Center
Milwaukee Public	13	No	Urban	City	Board of Trustees (12)	8 appointed by mayor, and 1 each by schools superintendent, president of school board, county executive, and Common Council president
Boston Public	27	No	Urban	City	Board of Trustees (9)	Mayor appoints
Denver Public	24	Yes	Urban	City	Library Commission (8)	Mayor appoints
Seattle Public	27	Yes	Urban	City	Board of Trustees (5)	Mayor appoints, City Council approves
St. Louis Public	16	Yes	Urban	Municipal Library District	Board of Directors (9)	Mayor appoints, City Council approves
District of Columbia Public	25	No	Urban	City	Board of Trustees (9)	Mayor appoints, City Council approves
Las Vegas-Clark County	25	No	Urban, Suburban, and Rural	Library District	Board of Trustees (10)	5 appointed by the Clark County Commission, 5 by the Las Vegas City Council

Figure 12: Peer Libraries at a Glance: National





All data are from interviews with individual library finance directors and the Public Library Data Service, Statistical Report 2011 (Chicago: American Library Association, 2011), except for the number of PC users, which comes from the Institute of Museum and Library Services, Public Libraries in the United States Survey (2009 data), retrieved from http://www.imls.gov/research/public_libraries_in_the_united_states_survey.aspx.

Figure 13: Peer Libraries at a Glance: National (cont'd)

APPENDICES

Appendix A: Interview Questions for Case Study Libraries

Appendix B: Types of Ohio Libraries

Appendix C: Ohio Peer Libraries

Appendix D: National Peer Libraries

Appendix E: References

APPENDIX A: Interview Questions for Case Study Libraries

Library	
Person interviewed	
Title	
Email	
Phone	

Background
1. Is your library considered a city, county, school district, or other type of library?
2. What is your library's geographic service area? Number of cities and counties served.
3. How many branches does your library have?

Leadership Structure
4. Please describe the leadership structure of your library.
    - What positions comprise your leadership / administrative team?
    - How many serve on the library's board of directors?
    - How is your board chosen?
5. How does the current staffing structure compare to that of 5 years ago?
    - Have the types of positions and duties changed over time?
    - What about number of positions?
6. How do staffing and salary levels at your library compare to that of its peer libraries?

Financial Aspects of Operations
7. Who manages the library's finances?
8. What is the staffing of the Finance Department?
    - How many staff?
    - How many are full time, part time, and seasonal?
    - What types of positions?
9. What are the Finance Department's mission, goals, and objectives?
    - Who defines these and how are they communicated?
    - How does the library ensure the department stays on track?
10. What is the library's annual budget for 2010?
    - How does this budget compare to that of 5 years ago (2005)?
    - What are the library's revenue sources?
    - Do you have a copy of your 2010 annual financial report that you could share with us?

Financial Planning
11. How does your library plan for financial sustainability? Does your library forecast revenue and expenditures? If so, how?
12. How does your library plan for capital expenses?
    - What are your library's future capital needs?
    - How does your library finance its capital expenditures (issue municipal bonds, etc.)?
13. What are your library's future revenue needs?
    - Does your library have plans to renew its levy or initiate additional levies to help manage revenue needs?
14. Does your library have a rainy day fund? Does your library also have a fund balance? If so, what

amount or General Fund proportion is generally maintained? Is the rainy day fund designated to a certain purpose?

15. Has your library implemented (or is compliant with) GASB Statement #51 on intangible asset accounting? If so, when did you implement? If not, would you consider making this change?

Sustainability

16. How long have you been in financial library management?
    - What have you seen with regard to trends in library financial management over the years? What has changed and how?
17. How has the demand for increasing growth in library services impacted your library's operating and capital budgets?
18. How would you assess your library's fiscal health? Are the library's revenues keeping pace with expenditures?
19. What do you consider to be the library's greatest challenges today?
    - Do you have a strategic plan or master plan that you could share with us?
20. In your opinion, what can libraries do to survive these tough times?
21. Is there anything you would like to add to the discussion or anything that you feel we missed?

APPENDIX B: Types of Ohio Libraries

Unless otherwise noted, the information presented in this appendix comes from the website of the State Library of Ohio (2011), available at http://www.library.ohio.gov/Marketing/Libraries/LibraryLaw. A complete list of libraries within each category can also be found at the website of the State Library of Ohio.

Seven types of public libraries can be formed under Ohio law. The seven types of public libraries are:

- Association library
- County library
- County extension library
- County district library
- Municipal library
- School district library
- Township library
- Regional library district

As discussed in Ohio Revised Code (ORC) section 3375.40, libraries can apply to the state library board to provide service outside their legal boundaries (as long as it is not within another library's boundaries). Upon approval from the state library board, those libraries would be designated county extension libraries in addition to their corresponding designation. For example, Ashland Public Library is a school district library and a county extension library. Currently, 28 libraries in Ohio are designated as county extension libraries.

Association library
An association library is formed in accordance with Section 1713.28 of the Revised ORC, and is governed by articles of incorporation filed in the forming of the association. There are 19 libraries in Ohio that were formed this way.

County library
A county library is formed through ORC Sections 3375.06-3375.08. This type of library has a governing board of six members appointed by the judges of the County Court of Common Pleas. The service area is the county where the library is located. The county commissioners have taxing authority for this type of library. There are three libraries in Ohio that were formed as county libraries.

County district library
County district libraries are formed through ORC sections 3375.19-3375.24. There is a governing board of seven members, with three appointed by the County Court of

Common Pleas and four appointed by the County Commissioners. The Board of County Commissioners is the taxing authority. The service area is set by a resolution adopted by the board of county commissioners, but is typically all school districts within the county not currently served by another library. There are 57 county district libraries in existence in Ohio.

Municipal library
Municipal libraries are authorized by ORC sections 3375.12-3375.13 and are governed by six board members appointed by the mayor. The taxing authority is the city council and the service area is the city in which it is located. There are 19 municipal libraries in Ohio.

School district library
School district libraries are formed by ORC sections 3375.15-3375.18. There are seven board members appointed by the school district board of education who govern the library. The taxing authority is the school district board of education and the service area is the school district where the library is located. There are 149 of these libraries in Ohio. The Cleveland Public Library is formed under this category.

Township library
A township library is formed through ORC section 3375.09-3375.11. The three board members are appointed by the township trustees, who also serve as the taxing authority. The service area is the township in which the library is located; there are four in existence in Ohio.

Regional library district
A regional district library can be created by the board of county commissioners of two or more contiguous counties through the passing of a joint resolution. ORC sections 3375.28-3375.31 allow the formation of regional library districts, but currently none exist in Ohio.

APPENDIX C: Ohio Peer Libraries

Cleveland Public Library (Cleveland, OH)

Unless otherwise noted, the information in this case study summary is based on information obtained from the Public Library Data Service Statistical Report 2011, the website of the Cleveland Public Library (2011), the Auditor of the State of Ohio's Single Audit for the Cleveland Public Library for the year ended December 31, 2010, Case Western Reserve University (2004), and an interview with former Finance Administrator Sandy Kuban and Assistant Finance Administrator Carrie Krenicky (now chief financial officer) on June 13, 2011.

The Cleveland Public Library (CPL) is a school district library serving a population of nearly 400,000 in the city of Cleveland across an urban service area of 77 square miles. The central (main) library and its 28 branches house more than 4.5 million items, with over 6.7 million items circulated in 2010. The library experienced 3.8 million visitors in 2010. The library's services include The Ohio Public Library for the Blind and Physically Disabled and a 32-foot mobile library and homebound services to all neighborhoods. The Public Administration Library at City Hall is a subject department of the main library.

CPL's current library system opened on February 17, 1869 and was located on the southwest corner of Public Square in downtown Cleveland. Prior to this, library services were offered through the Cleveland Municipal School District's Central High School. The main library utilized several temporary downtown locations before opening its current location at 325 Superior Avenue on May 6, 1925. Andrew Carnegie donated funds totaling $590,000 in the early 20th century to build 15 neighborhood branch locations.

The library set attendance records during the Great Depression, as there was an intensive use of its resources by the unemployed. Space at the main library became limited as the size of its collections grew. In 1957, a $3 million bond issue supported the purchase and renovation of the former Plain Dealer building (located next door) to house the library's Business and Science departments. The area between the two buildings, named Eastman Park in 1937, was landscaped as an outdoor reading garden in 1960.

Library use had declined by the late 1970's and revenues from the state intangibles tax were no longer sufficient to support the network of neighborhood branches; thus, branch buildings and their collections deteriorated. Reorganization and revitalization of the library system began at this time, with funding secured through a successful city tax levy in 1975. This tax levy supported a $20 million building program to upgrade the neighborhood branches, resulting in 18 new or remodeled facilities.

By the late 1980s the physical deterioration of the older Plain Dealer building placed the library's collections at risk. In 1991, a $90 million bond issue was approved by voters for the renovation of the main library and for the construction of a new annex named the Louis Stokes Wing, dedicated on April 12, 1997. The new annex included 11 floors totaling 267,000 square feet and more than 30 miles of shelves for a capacity of 1.3 million books.

The mission of CPL is "We are the 'People's University,' the center of learning for a diverse and inclusive community." In addition to that mission, CPL also has a vision of being the "driving force behind a powerful culture of learning that will inspire Clevelanders from all walks of life to continually learn, share and seek out new knowledge in ways that are beneficial to themselves, their community and the world."

The Library Journal Index of Public Library Service (LJ Index) ranked the Cleveland Public Library fourth out of all library systems of its size in 2011. The LJ Index ranks more than 7,400 library systems in four categories: library visits, circulation, program attendance, and public Internet usage. CPL also received the highest possible rating of five stars in the Library Journal's America's Star Libraries 2011.

Governance and Administration

CPL is organized as a school district library under the laws of the State of Ohio.[8] Sections 3375.33 to 3375.39 of the Ohio Revised Code govern control and management of the library. A seven-member board of trustees appointed by the Cleveland Municipal School District Board of Education (CMSD) for seven-year terms governs the library; they serve without compensation. The library's service area shares the boundaries of the school district.

Although the library is fiscally independent of the CMSD Board of Education (BOE), the BOE does serve in a ministerial capacity as the taxing authority for the library. The board of library trustees decides whether to request approval of a tax levy, as well as the role and purpose of the levy. Once such decisions are made, the CMSD Board of Education must place the levy on the ballot.

The administration of the day-to-day operations of the library is the responsibility of Director Felton Thomas. His executive team consists of the deputy director/chief operating officer, chief financial officer, chief legal officer, chief knowledge officer, and chief communications and marketing officer (unfilled position). His management team consists of the executive team and the information technology director, human

[8] See Appendix – for an explanation of the types of libraries allowable under the Ohio Revised Code.

resources director, technical services director, public services director, and property management director.

Financial Management and Planning

The chief financial officer (CFO) is responsible for the financial management of CPL. The CFO oversees the library's accounting, purchasing, and payroll functions with nine full-time staff: an assistant finance administrator, administrative assistant, payroll and benefits supervisor, payroll clerk, purchasing manager, inventory specialist, account clerk, and two accounting specialists. The Finance Department has experienced a reduction in staff over the past five years, from that of 14 full-time and three part-time positions (across the accounting, purchasing, and payroll functions), to that of the current 10 full-time positions. Payroll was once its own department, but reorganized under the Finance Department in 2008 due to staff attrition.

The Ohio Revised Code requires library fiscal officers to provide the library board with monthly financial statements and a full financial statement at the close of each fiscal year (§3375.36). Libraries are also required to submit a financial report for each fiscal year to the state (§117.38). The chief financial officer prepares the annual budget projections and presents these to the library's Board of Trustees on a regular basis. The budget process for CPL begins each spring and is presented to the board in May for approval. The budget is then sent to the CMSD Board of Education and a public hearing is held at its June meeting. The CMSD Board of Education has fiduciary responsibility to move CPL's budget through the hearing and approval process, but cannot alter the budget nor provide input to the budget. Once the library's budget is approved at the CMSD June meeting, the CMSD Board of Education forwards the budget to the Cuyahoga County Budget Commission. The county budget commission presents the budgets for all libraries in the county at a September public meeting. This public meeting is not to decide CPL's budget; CPL has an agreement with the county through September 2013 as to how the Public Library Funds (PLF) revenues should be distributed among libraries within the county. Were this agreement not in place, a public hearing would be called to decide the distribution of funds. The agreement is renewed in five-year increments. CPL's current agreement with the county is the extension of a prior agreement stating that the library receives 41.83% of Cuyahoga County's PLF entitlement.

Capital improvements for the library system are funded from CPL's Capital Fund. In 2009, $3 million was set aside for capital improvements, with $5 million placed into the Capital Fund in 2010. The library does not have a rainy day fund, but does carry forward an unencumbered fund balance. CPL maintains operating funds for 4 to 5 months, although the Ohio Library Council recommends maintaining operating funds of 3 to 4 months.

Financial Sustainability

CPL's 2010 revenues of $71.7 million exceeded its 2010 expenses of $63.7 million. This varies slightly from 2009 revenues of $73.4 million and expenses of $67 million. The majority of CPL's funding comes from city of Cleveland property taxes and the State of Ohio's Public Library Fund (PLF). The PLF is derived from 1.97% of the state's total general tax revenues. These sources provide approximately 32% (PLF) of CPL's revenues, whereas the levied mills (6.8) account for 46% (property taxes) of the revenues. The remaining revenue comes from grants, fines, fees, and investment earnings.

CPL had 754 full-time equivalent (FTE) staff in 2010, which decreased to 563 FTE staff in 2011. Of the 563 FTE staff, 128 FTEs are professional librarians. It is important to note that a portion of CPL staff provide services on behalf of the State Library of Ohio and are housed at CPL and its branch locations. Some staff the Ohio Library for the Blind and Physically Disabled, while other staff administer online reference services. CPL provides salaries for these staff, but is reimbursed by the State Library of Ohio for these positions. Additionally, the ClevNet library resource-sharing network, a consortium of 37 library systems across 10 northeast Ohio counties, partially subsidizes the salaries of CPL's information technology (IT) staff due to CPL's IT maintenance and support of the ClevNet catalog.

To plan for the library's future needs, CPL forecasts future revenues and expenditures and determines what revenue will be needed to sustain the organization. The library currently has a 5.8 mill levy that will expire in 2013 and is assessing whether it will place another bond issue before the voters. This has been a difficult time to forecast, Kuban said. "When did we think that underlying property values would substantially decline – the delinquencies and foreclosures?" said Kuban. Revenues from the PLF, she pointed out, are down to 1994 levels and the library has no voice in tax abatements. With the continuing decline of these two critical funding elements, forecasted revenues are lean for future years.

The demand for increasing library services has impacted CPL's operating and capital budgets. The library is forcing its expenditures to remain within its declining revenues, noted Kuban. The library's budgets decline each year, yet, as Kuban pointed out, it's difficult to sustain this deduction because physically the library remains the same size. The number of library staff has decreased, she said, but are working harder to provide the same level of or better services. CPL employees have not seen salary increases in three years and have absorbed furlough days. The library has also implemented reduced branch hours and Sunday closures as cost-cutting measures. Further, CPL branches within one mile of each other now share managers; 7 people now manage 14 of the 28 branches.

Over her 25 years in library financial management, Kuban has seen an increase in the legal review of employment contracts stemming from union involvement. She has also seen “valleys and peaks” in the flow of library revenues, stating that CPL is experiencing its most sustained revenue decrease in 25 years. As revenues diminish, she said, libraries are living within those limits, and CPL has seen reductions in all line items of its budget.

Krenicky pointed out that, in her 13 years of library financial management with CPL, it has decentralized and automated its financial processes. Individual departments are now responsible for their own budgets, whereas the finance administrator once prepared budgets for all departments. With regard to automated processes, Krenicky said that CPL is going paperless – such as payroll direct deposit and electronic distribution of paychecks – making financial functions less labor intensive.

Akron-Summit County Public Library (Akron, Ohio)

Unless otherwise noted, the data in this case study summary is based on information obtained from the Public Library Data Service Statistical Report 2010. Other information presented was obtained from the website of the Akron-Summit County Public Library (2011), the Auditor of the State of Ohio’s Annual Financial Audit for the Akron-Summit County Public Library Summit County, Ohio December 31, 2009 (2010), and from an interview with Michelle Scarpitti, the fiscal officer at Akron-Summit County Public Library, conducted on September 8, 2011.

The Akron-Summit County Public Library (ASCPL) serves an estimated 400,000 people in Summit County, and covers an urban and suburban service area of 313 square miles. It serves Summit County, except the areas served by the following libraries: Barberton Library, Cuyahoga Falls Library, Hudson Library, Peninsula Library, Stow-Monroe Falls Public Library, and Twinsburg Public Library. The library has almost 2.2 million items in its catalog, with 5.9 million items circulated in 2010. More than 3.2 million people visited ASCPL in 2010 at its main library and 17 branch locations. As of early 2011, there were 302 full-time equivalent (FTE) staff and 391 total staff; the library has lost 44 positions over the last few years through attrition.

ASCPL’s mission is to “provide resources for learning and leisure, information services, meeting spaces, and programs for all ages that support improve, and enrich individual, family, and community life.” Its core values are excellence, service, learning, integrity, innovative thinking, inclusion, diversity, and community.

The early stages of the public library in Akron started with a subscription library serving the area called the Akron Library Association. It was first located on Howard Street and membership was $2 per year. The collection continued to grow and in 1870 the Association moved to the second floor of the Masonic Temple at the northeast corner of Howard and Mill Streets.

In 1874, the city council passed an ordinance to provide a free public library for Akron, and in 1898, the newly established public library moved from the Masonic Temple to the second floor of the Everett Building at Main and Market streets. As the library continued to grow through the next few decades, it would move in 1904 and again in 1942. In 1962, a bond issue was passed to provide $3 million for the construction of the new library, which opened its doors on March 24, 1969.

From 1910 to 1920 Akron's population tripled, which brought a greater demand for library services. The first branch library was established in 1920 in one of the Firestone Tire and Rubber Company factory buildings. In 1922, Goodyear Tire & Rubber Company rented a room in the Goodyear Club House on Goodyear Boulevard for the establishment of the East Branch Library.

Between 1923 and 1938 nine additional branch libraries were opened. In 1939, East Branch, the first branch building constructed by the library was dedicated. Branches were continually established over the next few decades and many new buildings were constructed. More recently, a 1997 bond issue passed by Summit County voters allowed for the replacement or renovation of all branch libraries.

Governance and Administration

ASCPL is a county library district formed under the Ohio Revised Code section 3375.19 (2011). Sections 3375.33 to 3375.39 of the Ohio Revised Code govern the control and management of the library. The board of library trustees has seven members, three of which are appointed by the Court of Common Pleas judges and four by the Summit County County Executive and Council. The appointments are for seven-year terms; the members do not receive any compensation. The library is fiscally independent of the county, but the county does serve as the taxing authority for the library. The board of trustees has the sole power to request approval of a tax levy, as well as define the role and purpose of the levy. Once those decisions are made, the county must place the levy on the ballot.

The director of ASCPL is David Jennings and the deputy director is Pam Hickson-Stevenson. The other executive officers include a human resources director, facilities director, marketing and communications director, technology director, and fiscal officer.

Financial Management and Planning

The fiscal officer manages the library's finances. The finance department has seven full-time employees: fiscal officer, deputy fiscal officer, payroll supervisor, payroll assistant, and three accounting assistants. ASCPL passed a five-year replacement levy in 2010. Management plans ahead for capital expenses and includes these in its annual budget. Most of its future capital needs consist of maintenance of assets and equipment replacement. Michelle Scarpitti, ASCPL's fiscal officer, notes that the library's greatest challenges are funding and figuring out its place and role in the community. She said that it has to adapt to new formats of information, such as e-books, and continue to provide valuable information to patrons. ASCPL does not have a budget stabilization fund or rainy day fund. The library currently has no policy on how much cash it should have on reserve to cover expenses.

Financial Sustainability

ASCPL's 2009 expenses of around $32.9 million exceeded its 2009 revenues of around $30.4 million, whereas its 2010 expenditures were $24.2 million and revenues were $23.9 million. ASCPL drew on its cash fund reserves of $2.9 million to balance budgets for these years. The library's main sources of funding are the State of Ohio Public Library Fund (PLF) and property taxes. These sources represented around 38% and 48% of the total funds received in 2009, respectively. In 2011, the sources of funding were nearly 38% from the PLF and nearly 53% from property taxes. Fines, fees, and rental fees make up a remaining portion of its revenues (around 9%). As with most libraries in Ohio, the uncertain future of the PLF is a major challenge facing ASCPL as the funding formula continues to be altered and the allocation of funds reduced.

The decreases in state funding over the past few years has prompted ASCPL to reduce its budget in almost all areas of operations and not fill most of its vacant positions. By the middle of 2010, its adult workforce was reduced by around 10%. It is trying to streamline and reconfigure operations in order to provide the same programs and services.

ASCPL was recently named the 8th best library in its size category (a service population between 250,000 and 499,000) by Hennen American Public Library Ratings (HAPLR). HAPLR rates the libraries based on 15 factors of service quality and operational efficiency related to staffing, materials, and circulation. The library was also recognized with the highest possible five stars rating by the Library Journal Index of Public Library Services. The index identifies star libraries in the United States. Of the 106 libraries in its expenditures category ($10,000,000 to $30,000,000), ASCPL is one of only 10 to receive the five-star rating.

Columbus Metropolitan Library (Columbus, Ohio)

Unless otherwise noted, the data in this case study summary is based on information obtained from the Institute of Museum and Library Services (2011). Other information comes from the website of the Columbus Metropolitan Library (2011), the Finance Department of the Columbus Metropolitan Library (2011), and from an interview with Dewitt Harrell, the chief financial officer at the Columbus Metropolitan Library, conducted on September 1, 2011.

The Columbus Metropolitan Library (CML) is located in Franklin County in central Ohio. Its service area covers nearly 340 square miles of urban and suburban land, and a population of 840,000. Its main location, in downtown Columbus, and its 20 branches house over 2.1 million items. CML serves the land area with Franklin County, except the area that lies within the boundaries of other public library districts in the county. For example, the cities of Grandview Heights, Bexley, Upper Arlington, Westerville, and Worthington, all located in Franklin County, have their own libraries. Another public library system in Franklin County is the Southwest Public Libraries, which has locations in Grove City and on West Broad Street in Columbus.

CML's purpose is "to inspire reading, share resources, and connect people." In 2010, customers visited CML over 7 million times and borrowed over 14.6 million items. The library has an estimated 660,000 cardholders. In 2009, CML had approximately 583 full-time equivalent (FTE) staff. In 2011, library staff increased to nearly 654.4 FTE.

The first public library in Columbus opened on the first floor of the new city hall on March 4, 1873. What was then known as the Columbus Public Library moved out of the new city hall and into its main library on April 8,1907. CML added four branches in 1928, and more branches were steadily added in the 1930s and early 1940s. The library began to operate a bookmobile in 1951. Challenging times hit CML in 1974 and 1975 as library revenues declined due to the State Board of Tax Appeals cutting the library's budget. The budget reductions resulted in employee layoffs and reduced hours of operation.

CML's first major levy was for .6 mills and passed in 1976. Others were passed in 1981 (.6 mill tax levy renewed), 1986 (.6 mill tax levy renewed), and 2000 (2.2 mill, 10-year property tax levy). The library was renovated in 1978 and expanded in 1987, and a new library opened in 1991. The name was changed to that of its current one – the Columbus Metropolitan Library – in 1989, from its previous name of the Public Library of Columbus and Franklin County. In 1991, the main library surpassed the one million-visitor mark. CML launched its website in 1998. Hennen's Public Library Ratings Index rated CML first in the nation in 1999 and again in 2005 and 2008. HAPLR rates the libraries based on 15 factors of service quality and operational efficiency related to staffing, materials, and circulation. Branch additions in the 2000's included the New Albany branch and the Linden branch.

Governance and Administration

CML is a county library district formed under the Ohio Revised Code section 3375.19 (2011). The Columbus Metropolitan Library is under the control and management of a board of trustees that consists of seven members. Four of the board members are appointed by the Franklin County Commissioners and three by the judges of the Court of Common Pleas to seven-year terms. Patrick Losinski is the Executive Director of CML and he, along with the rest of the executive leadership team, is responsible for strategic guidance and day-to-day operations of the library. The executive leadership team formerly consisted of the director and five positions that reported to him: the chief financial officer, deputy director, director of community relations and development, director of digital strategy/information technology, and director of property management. However, CML recently altered its management structure with the goal of streamlining decision-making and increasing collaboration. The leadership now comprises the executive director, a chief operating officer, a chief financial officer, and a chief customer experience officer. The chief customer experience officer is a new position that oversees the delivery of public services and programs to customers at the branches. The aim is to emphasize the customer having a great experience.

Since the library is a separate legal entity, Franklin County and the City of Columbus do not exercise oversight responsibility of the library. CML is financially, managerially, and operationally independent. The board of trustees directly appoints the executive director, the fiscal officer, and the deputy fiscal officer. A management team was launched in 2007 to allow a core group of CML leaders, beyond the executive leadership team, to become involved in the operational running of the organization. Its purpose is to drive the annual tactical plan, coordinate cross-departmental operational activities and understanding, and strategically and effectively evolve the organizational footprint that entails surveying the internal and external landscape to make sure the library has the best processes and systems, and a focus on improved efficiency and quality.

The library's Outreach Services division provides library services to customers who are unable to visit a library facility.

Financial Management and Planning

The chief financial officer oversees CML's finances. The finance department has 14 staff members that hold a variety of positions including budget analyst, finance coordinator, financial services manager, payroll service coordinator, purchasing administrator, financial and budget manager. The finance department's mission is "to uphold the public trust and demonstrate fiduciary responsibility to the taxpayers by providing fiscal oversight, stewardship, and the most efficient and effective use of public monies." It also strives to "prepare all levels of the organization to be able to make well-informed decisions by providing high quality, professional direction and service, and timely, accurate, relevant, and reliable information." The finance department defines its mission; it has identified performance measures and charts progress to ensure the department stays on track.

CML forecasts 10 years into the future; this is mandated by the board of trustees. The library forecasts revenues, and looks at property taxes and assessed values. It also follows developments with the PLF by monitoring House and Senate legislation. Further, CML is attentive to its collections of fines and fees. The finance department has a policy that the staffing cannot take up more the 65% of total expenditures.

CML has a nearly $65 million 10-year plan for capital improvements. It can transfer funds from its property tax levy to its capital project fund. CML does not have a rainy day fund, but board guidelines say that 5% to15% of funds from the General Fund should be in reserve and/or enough to cover three to four months of expenditures. CML is in compliance with the Governmental Accounting Standards Board (GASB) Statement No. 51[9] and implemented this in 2010.

Harrell said in the past few years, he has seen trends in library financial management of a strong emphasis on fiscal stewardship, return on investment, and accountability.

Financial Sustainability

In 2003, CML created a long-term strategic plan with guidance from members of the community, library staff, Friends of the Library, and CML's board of trustees. The plan was revised in 2007 to reflect three customer behavior segments: Young Minds, Virtual Users, and Power Users. The plan also includes two internal strategies: Expand Our Capacity and Engage Our Team. CML reviewed the plan this year to refresh and update goals that will enable the library to continue meeting the needs of its community. The three external strategies are: My Library, Young Minds, and Life Skills. The values of CML are respect, excellence, trust, and passion. Its purpose is to "inspire reading, share resources, and connect people," with an overall goal to "align organizational resources to meet today and tomorrow's needs."

[9] GASB statement No.51 was issued in July 2007 and deals with the accounting and financial reporting for intangible assets (GASB, 2007).

CML's 2009 expenses of $45.3 million exceeded its 2009 revenues of $44.2 million. Revenues decreased slightly to around $42.6 million in 2010, with expenditures decreasing to around $43.6 million. Its 2011 budget is $72.4 million in revenues and $59.5 million in expenditures. As with most libraries in Ohio, CML's main funding comes from a property tax levy, which was nearly 45% of its revenue in 2010, and the State of Ohio's Public Library Fund (PLF), which was around 38% of its revenue in 2010. In 2011, these percentages have fluctuated to 79.3% of revenues being derived from the property tax levy and 16.8% from the PLF. The original 2.2-mill levy was passed in 1986 and then renewed in 2000 for 10 years.

State funding levels from the PLF have been reduced in recent years and, in response, the library has made many cost-reduction moves, such as cutting 184 positions since 2003, instituting mandatory pay cuts for salaried staff in 2009, and delaying maintenance projects (Seman, 2010). In 2010, the board decided to place a 2.8-mill continuing levy on the ballot that was passed in November 2010 (Seman, 2010). This raised around $56 million per year for CML (Seman, 2010). This also allowed CML to return to offering Sunday hours at some of its branches (branch operating hours have been reduced since September 2009) (Binkley, 2011). The library was also able to restore weekday branch hours (Binkley, 2011). In the last five years, CML has not made any major building improvements (besides basic upkeep). CML plans to start making some building improvements in the next few years.

CML is a nationally-ranked library, receiving a five-star rating from the *Library Journal*, a trade publication for librarians that uses a five-star scale similar to that used to grade hotels and restaurants (Narciso, 2009). Dewitt Harrell, the chief financial officer at CML, thinks CML's greatest challenge is staying relevant to its customers in this new technology age with e-books. He said that, to stay relevant, CML has to embrace e-books, and new and different services like homework help, job help, and ready-to-read that the customers value.

Cuyahoga County Public Library (Parma, Ohio)

Unless otherwise noted, the data in this case study summary is based on information obtained from the Public Library Data Service Statistical Report 2010. Information about the history of Cuyahoga County Public Library is from *[a history] Cuyahoga County Public Library.* Other information presented is obtained from the website of the Cuyahoga County Public Library (2011) and from an interview with Scott Morgan, the Director of Finance at Cuyahoga County Public Library, conducted on August 24, 2011.

Cuyahoga County Public Library (CCPL) serves nearly 570,000 people in Cuyahoga

County, covering a primarily suburban service area of 458 square miles and 47 communities. It does not serve the areas of Cuyahoga County that are served by the Cleveland Public Library, East Cleveland Public Library, Shaker Heights Public Library, Rocky River Public Library, Lakewood Public Library, Euclid Public Library, Westlake Porter Public Library, and Cleveland Heights/University Heights Public Library. It has more than 3 million items in its catalog and circulated more than 20.3 million items in 2010. More than 7.6 million people visited its branches in 2010. Over 150 full-time equivalent (FTE) librarians and nearly 470 other FTE staff provide services to patrons at its 28 branch locations. These 620 FTE for 2011 are down from around 644 FTE in 2006. CCPL performed a study of salaries at other libraries and organizations in 2010 and found that most of its salaries and staffing levels were comparable to other libraries of its size. The study identified some jobs with lower salaries and CCPL increased those salaries to be on par with the salaries at other libraries.

CCPL was created by voters of the communities served by the library in 1922 through the passage of a referendum. Initially CCPL focused on partnering with local schools to provide library services. The first branch to join the newly formed district library was the Chagrin Falls Community Library, in 1924. Later that year, the South Euclid branch was added. CCPL continued to grow over the years by adding services and branches. By 1944, CCPL's circulation hit the 1.5 million mark. In the post-World War II era, the library adapted to America's changing literary needs by adding more space, additional hours, and newer materials. Between 1955 and 1965, the population in the communities served by CCPL increased by 155% and 20 buildings were constructed, expanded, or relocated. In 1955, circulation reached 3 million and by 1960, that had doubled. By 1997, circulation reached nearly 10.5 million, solidifying CCPL as one of the top 10 busiest library systems in the county.

Governance and Administration

CCPL is a separate political subdivision and is not part of county government. The library board does not have taxing authority; it must have the Cuyahoga County government place ballot issues before the voters on behalf of the library. CCPL is a county library district formed under the Ohio Revised Code section 3375.19 (2011). CCPL has a seven-member board of trustees that establishes policies and develops an annual budget. Members of the board of trustees are appointed for seven-year terms and do not receive compensation. The county executive appoints four board members and the Court of Common Pleas judges appoint three.

The executive director, Sari Feldman, who is appointed by the board of trustees, serves as the chief executive officer of the library. The director oversees all divisions of the library—branch services, facilities, finance, marketing, information technology, and technical services. However, the deputy director has responsibility for the day-to-day oversight of branch services, information technology, and technical services. The other leadership positions are human resources director, development/marketing director, and operations/fiscal director. CCPL formerly had separate operations and fiscal director positions. Following the retirement of the operations director in early 2011, a search did not yield a suitable replacement. Consequently, the director decided to have the fiscal director perform both duties. In the past year following two retirements, the position of operations director was consolidated into the finance director position and the marketing director position was combined with that of the development director.

Rather than a main library, CCPL has an administrative headquarters located in Parma, Ohio that houses the offices of the executive director and deputy director. Any item in its collection can be requested from any of its branches.

Financial Management and Planning

The director of finance and the assistant finance director manage the library's finances. The finance department has eight full-time staff: director of finance, deputy finance director, two accounting assistants, purchasing agent, purchasing assistant, payroll specialist, and payroll accounting clerk. Every month, the finance department sends a report to the executive director indicating how its work has supported those six priorities.

The finance director works with the executive director and the board of trustees' finance committee to plan for the library's finances for the next year, as well as five and 10 years into the future. The library forecasts revenue and expenditures by looking at historical information and trends in funding; it also receives state budget projections from the Ohio Office of Budget and Management. CCPL has a $100 million facilities master plan that prioritizes capital projects. CCPL will dedicate nearly $15 million of its capital reserve funds and has sold $75 million in notes in August of 2010 to fund its capital plan. It is also developing a capital campaign to raise additional funds from the community. The projects range from constructing some new buildings and remodeling some existing ones, to combining some branches. As an ancillary task to these projects, the library is focusing on reducing the number of staff needed at its branches.

CCPL usually carries over 5% of its total budget as a fund balance every year. Any amount carried over beyond that 5% goes into the capital fund. CCPL is compliant with GASB Statement No. 51 and implemented this in 2010. Scott Morgan, the director of finance at CCPL, said that the biggest trend in library financial management over the years has been that the public wants to see more accountability. CCPL responded by creating a Comprehensive Annual Financial Report (CAFR), which it has been producing since 2008. This is not required for libraries, as libraries only have to report to the auditor on a cash basis (Ohio Library Council, 2008).

Morgan indicated that the greatest challenge facing CCPL today is overall funding and the instability of state funding. The library is continually being asked to provide more resources as funding shrinks.

Financial Sustainability

In 2009, CCPL had around $73.2 million in expenses and $72.0 million in revenues. Expenses and revenues declined in 2010 to $67.9 million and $68.9 million, respectively. The majority of CCPL's funding comes from a local 2.5-mill property tax approved by the voters of the 47 communities served by the library and the State of Ohio's Public Library Fund (PLF). This levy was passed in November 2008. The property tax levy provided nearly 66% of its funding and the PLF provided around 26% in 2010. The remaining portion was made up of patron fines, fees, interest, and gifts.

CCPL's revenue has been reduced by nearly $14 million due to state budget cuts and lower property tax collections (nearly $5 million in 2009 and nearly $9 million in 2010) (Cuyahoga County Public Library, personal communication, February 3, 2011). This decrease in state funding for libraries has been occurring for years resulting in job cuts and wage freezes (McCafferty, 2011). For example, in August 2009, the board of trustees approved a series of cost-saving measures to help address revenue reductions through 2010, which included the elimination of 41 union, management, and staff positions; a one-time resignation/retirement incentive; pay freezes; changes in employee healthcare contributions; and reductions in operations and materials. In September 2009, daily overdue fines on most library materials were increased from $.05 to $.10 per item, the fine limit per item was increased from $5 to $10, and seven library branches maintained Sunday hours. Sunday hours have since been restored to all branches.

In February 2009, the board of trustees approved a new mission and vision statement and reaffirmed its goals and priorities. It also recently developed a new long-term financial plan to emphasize convenient, accountable, relevant, and effective library service called CARE: A Library for the Future. The library notes that future cuts and freezes should not be necessary as a new facilities master plan will save money by relocating some branches to smaller locations and consolidating others (McCafferty, 2011). The plan includes 13 projects for branch replacement or renovation within the next three years. When it is fully implemented, it is projected to save over $4 million per year in operating costs.

CCPL's mission is to "be at the center of community life by providing an environment where reading, lifelong learning and civic engagement thrive." Its six priorities are to reconnect with reading, ensure every child enters school ready to learn, help youth reach maximum potential, put Cuyahoga County back to work, keep seniors healthy, happy and independent, and connect with new Americans. Departments no longer have individual goals and are asked to support the library's six priorities, which are:

- Turn occasional customers into regular customers by providing convenient and personal service that exceeds customers' expectations and encourages them to rely on the library for more services and programs.

- Include its six priorities in all activities and initiatives. Refresh current services, develop new partnerships, and create best-in-class initiatives that demonstrate its six priorities and "bring them to life."

- Be an advocate for the library by positively representing CCPL through words and actions when interacting with customers, coworkers, and community partners.

CCPL has continuously been recognized as a national leader in library service. In August 2010, it was ranked as the number one library in the United States among libraries of similar size in Hennen's American Public Library Ratings (HAPLR) (CCPL, April 23, 2010). HAPLR rates the libraries based on 15 factors of service quality and operational efficiency related to staffing, materials, and circulation. It became the only library of its size to have topped HAPLR four times—2004, 2006, 2009, and 2010. It was also awarded a Five-Star rating in Library Journal's Second Annual Index of Public Library Services in 2009, 2010 and 2011. In 2010 and 2011. CCPL received the LJ Index's highest overall score and led the nation in four per capita measures among its peer libraries: circulation, customer visits, program attendance, and computer usage (LJ Index).

Dayton Metro Library (Dayton, Ohio)

Unless otherwise noted, the data in this case study summary is based on information obtained from the Institute of Museum and Library Services (2011), the website of the Dayton Metro Library (2011), Auditor of the State of Ohio's Dayton Metro Library Montgomery County, Ohio Basic Financial Statements (2010), and from an interview with Ken Basista, the finance office manager at Dayton Metropolitan Library, and Tim Kambitsch, the executive director of Dayton Metropolitan Library, conducted on August 29, 2011.

The Dayton Metro Library (DML) is a countywide library system located in Montgomery County in southwest Ohio. Its main library, located in downtown Dayton, and its 20 branch libraries house nearly two million items. The system had almost 3.9 million visitors in 2010. DML's service area covers almost 80% of Montgomery County and has a service area population of nearly 460,000. The library does not serve the areas of the following libraries: Washington Centerville Public Library, Wright Memorial Public Library, and Germantown Public Library. The library has over 350,000 cardholders and over 7.5 million items were checked out in 2010. The library also provides mobile services to people that do not have easy access to a branch location. In 2009, DML's staff consisted of 97 librarians and 283 full-time equivalent (FTE) employees. DML participates in wage and salary surveys and has found that its wages are slightly above that of average for the Midwestern United States for most positions. That total of 380 FTE staff was down to around 365 in 2010 and slightly increased to 369 in 2011. DML has reduced staff at branches through implementation of checkout units that allow patrons to check out their own books. With these, nearly 90% of transactions are done by the patrons (such as checkouts and renewals).

The Dayton Metro Library is a descendant of the Dayton Library Association formed in 1847. The Association continued until 1860, when it had to cease operations due to funding issues. The books belonging to the association were given to the free public school library, which was under the auspices of the board of education. The Public School Library opened in the fall of 1855 under a law passed by the Ohio Legislature in 1853, authorizing the levying of property taxes to establish free libraries in the school districts of the state. This was the beginning of supporting the library system through taxes in Ohio.

The library moved several times until 1888, when the first library was built in Dayton in the center of Cooper Park. In 1893, the library added a museum of natural history and changed its name to the Dayton Public Library and Museum. In 1955, the library's museum collections were transferred to the Dayton Museum of Natural History. As a result, in 1956, the Dayton Public Library and Museum was renamed the Dayton and Montgomery County Public Library. Its name was changed again in 2002 to the Dayton Metro Library. Construction of the existing main library building began in 1960 at a site adjacent to the old library in Cooper Park. The new main library opened in 1962 and the original building was razed.

Governance and Administration

DML is a county library district formed under the Ohio Revised Code section 3375.19 (2011). DML has a seven-member board of trustees. Four members are appointed by the Montgomery County Commissioners and three are appointed by the Montgomery County Common Pleas Court judges. The members are appointed for seven-year terms and serve without compensation. Sections 3375.33 to 3375.39 of the Ohio Revised Code govern control and management of the library. The administration of the day-to-day operations of the library and financial accountability is the responsibility of the executive director and fiscal officer. Although, the library is fiscally independent from

Montgomery County, the county does serve in a ministerial capacity as the taxing authority for the library. The board of library trustees decides whether to request approval of a tax levy and the levy's role and purpose. Once those decisions are made, Montgomery County must place the levy on the ballot.

Administrative positions to the library include assistant director for branch and extension services, assistant director for IT services, assistant director for the main library services, assistant director for youth services, acquisitions and collection development manager, community relations manager, facilities manager, finance office manager, and human resources office manager. The position of deputy director has been vacant for 12 years.

Financial Management and Planning

The finance office has five-full time staff and one substitute: finance office manager, accountant, two accounting clerks, a supply clerk, and a substitute accounting clerk. The finance department's mission is to "support the strategic mission of the Dayton Metro Library by providing quality service through sound fiscal stewardship and proficient management of the organization's financial and physical resources." The finance manager of DML defines the mission and vision of the finance department. Most of the management team is expected to be autonomous and oversee their departments, so the finance office manager evaluates performance by reviewing metrics, such as when reports are completed and whether audits are completed on time.

In addition to the finance office, the finance manager of DML is also heavily involved in the budget planning process. As far as planning for capital expenses, the executive director has a prioritized list of 400 capital projects. However, in the last 10 years, DML has not performed any significant renovations to its facilities. DML is currently discussing a capital improvement plan for the next decade and the board is currently considering that plan. There is also a building repair fund available for the upkeep of buildings. DML is currently looking at initiating a bond issue in 2012 to accomplish the vision and objectives of its facilities plan.

After state budgets cuts in 2009, DML had to look closely at its budget and ensure its sustainability. In 2011, the board authorized the creation of the Sustainability Fund within the General Fund. This allocation is intended to identify funds beyond those needed in the current year, but would be drawn upon in future years where operating expenditures exceeded revenues. In addition, Dayton Metro Library typically maintains 100 days of operating cash on hand at the beginning of the year. Ken Basista, the finance office manager at DML says that it reports on a cash basis so it is not required to be compliant with GASB Statement No. 51.

Financial Sustainability

In 2009, the library's expenses (around $27.1 million) exceeded its revenues (nearly $26.4 million). Expenditures decreased to approximately $26.4 million, while revenues increased to $30.2 million in 2010. DML's primary sources of funding are from the State of Ohio's Public Library Fund (PLF) and local taxes. In 2009, these sources represented nearly 66% and 30% of its revenues, respectively. Due to the decrease in state tax collections, there has been a corresponding decrease in financial support from the state.

The library is partially shielded from the decline in state support due to voters approving a 1.75 mill-operating levy in 2009. However, this support is also expected to drop as property values are reassessed. As with most libraries in Ohio, DML has the challenge of providing 21st century library services with shrinking revenue sources.

DML developed a strategic plan in 2008 that is aimed at sustaining operations well into the future. This plan helped to redefine its mission statement, which reads: "The Dayton Metro Library will inform, inspire and enrich our community by linking individuals to information needed for personal success, providing access to a world of imagination and culture and offering convenient and comfortable space that enhances exploration and facilitate civic participation. We are the marketplace of the mind." The plan also identified a number of strategic initiatives the DML would undertake, namely 1) development of a facilities master plan; 2) ensuring public awareness; 3) staff development and customer service; 4) establishment of a library foundation; and 5) maximizing operational efficiency and effectiveness.

Even with the approval of the 1.75-mill operating levy in 2009, 2010 brought speculation that DML would cut jobs, hours, and even merge branches (Dayton Business Journal, 2010; Kelley, 2010; WDTN.com, 2010). In the end, there were no branch closures, but the library reduced operating hours by 4.5 hours per week beginning January 2011. This reduced expenditures by more than $500,000 per year (Grieco & Waggnespack, 2010; Smith, 2010).

In 2011, DML unveiled ideas from its facilities master plan that would involve construction of a new downtown library, expansion of suburban branches, and consolidation of several urban branches into a single modern space (Smith, 2011). The costs for the new downtown library and branch program were projected to be $110 million and $120 million, respectively (Smith, 2011). There are hopes that a new downtown library can help revive the area, as was the case with a new library in nearby Fort Wayne, Indiana (McMarty, 2011). With the Fort Wayne library came a baseball stadium, expansion of the convention center, and the opening of a new Marriott Hotel

(McMarty, 2011). Also, downtown Fort Wayne apartment occupancy rates rose to 90% since the library opened (McMarty, 2011).

The Dayton Metro Library consistently ranks in the top 10 best libraries in the United States serving a population of over 250,000 by Hennen's American Public Library Ratings (HAPLAR) (Hennen, 2010). HAPLR rates the libraries based on 15 factors of service quality and operational efficiency related to staffing, materials, and circulation.

Public Library of Cincinnati and Hamilton County (Cincinnati, Ohio)

Unless otherwise noted, the data in this case study summary is based on information obtained from the Public Library Data Service Statistical Report 2010. Other information presented is obtained from the regular audit for the Public Library of Cincinnati and Hamilton County (2010) from Auditor of the State of Ohio's website, the website for the Public Library of Cincinnati and Hamilton County (2011), and from an interview with Pat Schoettker, the fiscal officer at the Public Library of Cincinnati and Hamilton County, conducted on August 31, 2011.

The Public Library of Cincinnati and Hamilton County (PLCH) serves an estimated 805,000 people in Hamilton County, and covers an urban and suburban service area of 413 square miles. It has almost nine million items in its catalog, with over 16 million items circulated in 2010. More than 6.45 million people visited PLC in 2010. In 2009, over 190 full-time equivalent (FTE) librarians and 470 FTE staff provided services to patrons at its main library and 40 branch locations. This total of approximately 660 FTE staff was down from 722 FTE staff in 2006. The FTEs for 2010 consisted of 191.5 librarians and 492.6 other staff for a total of 686.1 FTEs.

PLCH's mission is "connecting people with the world of ideas and information." Its vision statement is to "excel in customer service, be the first choice for information, anticipate and meet changing needs, assure equitable access to the library's resources and services, and be a dynamic force in the community."

The PLC was founded in 1853, but lacked adequate facilities until moving in 1870 to Vine Street in downtown Cincinnati. The modern era for the PLC began in 1898 when an independent board of library trustees was established. Over the next two years, the main library opened its first Children's Room and its first six branches were added in nearby suburbs. A grant from Andrew Carnegie funded nine more branches one year later.

A bond issue was passed in 1944 to begin building a new main library located two blocks away from the original building. The library moved into that facility in 1954. After the new building was completed, the library focused on enhancing services and branch facilities. PLC added several new branches and renovated or expanded existing ones. A major addition to the main library was made in 1982. In this same year, plans were unveiled to construct six large library branches that were eventually completed in 1993. The 1980s brought an increasing demand for services and, in response, a main library addition was completed in 1997, while a renovation of the main library's south building was completed in 1998. The most recent branch opening occurred in 2007 in the community of Bond Hill.

Governance and Administration

PLC is a county library district formed under the Ohio Revised Code section 3375.19 (2011). Sections 3375.22 to 3375.27 of the Ohio Revised Code govern the control and management of the library. The board of library trustees appoints an executive director and fiscal officer to administer the day-to-day operations of the library. The board of library trustees has seven members, three of which are appointed by the Court of Common Pleas judges and four by the Hamilton County commissioners. The appointments are for seven-year terms; the members do not receive any compensation. The library is fiscally independent of the county, but the county commissioners are the taxing authority. It is the board of library trustees that decides to request approval of a tax, as well as the rate and the purposes of such a levy. In addition to library cards being available to all Ohio residents, cards are also free to Kentucky residents of Boone, Campbell, and Kenton counties through a library consortium membership.

There are a number of administrative positions at PLC. Among these are the executive director (currently Kim Fender), an associate director for library services, associate director for support services, human resources director, and fiscal officer. There was a director of development position that was recently eliminated; the director has assumed these duties. A facilities director position was also eliminated last year; the two associate directors now split the duties of that position. A director of information services was also eliminated a few years ago. These position cuts have thrust more responsibility onto the executive team. PLC has added a teen librarian specialist and a virtual information department.

Financial Management and Planning

The fiscal officer and deputy fiscal officer manage the library's finances. There are 12 staff in the finance department who are all full-time: fiscal officer, fiscal office manager (deputy fiscal officer), financial analyst, payroll accountant, two administrative assistants, systems analysts, and five clerical positions. Although the library has mission, goals, and objectives, these are not formally defined for the fiscal office. However, informally, Pat Schoettker, the fiscal officer at the PLC, said its goals are to manage PLC's financial, legal, and contractual activities to be in full compliance with legal and audit requirements. She also said that it strives to be as efficient and cost effective as possible. She sees its current obligation as ensuring that the library remains solvent as funding decreases and taking an active role in ensuring that its operations are affordable and sustainable into the future.

Schoettker stated that PLC tries to forecast revenue and expenditures to the extent possible, but that is has been difficult with reductions in the PLF. PLC has assumed that the funding will continue to decrease. The fiscal officer forecasts expenditures by analyzing the library's current costs. As a result of forecasting, the fiscal officer said that PLC needed to place a property tax levy on the ballot in 2009. In 2010, the library deliberately spent less than anticipated revenues to generate a funding cushion to address the uncertainties of 2011. The library does not have any special funding for capital improvements; it plans similarly as it does for operating costs. PLC currently plans for around $2.5 million per year for ongoing maintenance of existing facilities. To fund any other capital improvements, the library would have to reduce operating expenditures or seek private donations. The library did renovate one branch, which was funded by private donations.

PLC maintains an operating contingency of around 3% of the General Fund operating budget. It also has an emergency capital contingency amount of $2 million in its building and repair fund. In years of uncertainty, the library has set aside any unencumbered surplus in the general fund for the next year's operating revenue. It has begun generating this additional surplus to use when funding is constrained. PLC implemented GASB Statement #51 in its 2010 CAFR, but indicated that it has no impact.

Schoettker has seen trends in library financial management over the years: more automation such as online banking, additional customer services such as acceptance of credit cards for fines and fee payments, and less revenue. She also said that the demand for increased services has strained the library's operating budget. Scheottker said that the library's greatest challenge today is meeting the increased demand for services while funding decreases and while many people have a negative view of government.

Financial Sustainability

PLC's funding is similar to most libraries in Ohio, as its revenues are primarily derived from a county tax levy and the State of Ohio's Public Library Fund (PLF). Nearly 33% of its funding is derived from the county tax levy, while 60% comes from the PLF. The PLF is funded with 1.97% of the total tax revenue received by the State of Ohio. PLC's 2010 revenues were nearly $59.7 million and the 2010 disbursements were around $55.5 million. In comparison, its 2005 revenues were around $53 million and its 2005 disbursements were around $51.7 million.

In response to the decrease in funding, the PLC has reduced its hours, reduced staffing, frozen salaries, reorganized the main library, postponed or cancelled capital improvements, and doubled its fees for overdue fines. The board approved placing a property tax levy on the ballot in November 2009 and it was overwhelmingly approved. The library indicated that this one mill, five-year levy should help to offset some of the loss in state revenue.

PLC is consistently ranked one of the top libraries in the nation. Hennen's American Public Library Ratings (HAPLR) ranked PLC seventh for libraries serving a population greater than 500,000. HAPLR rates the libraries based on 15 factors of service quality and operational efficiency related to staffing, materials, and circulation. It was also designated a Star Library by *Library Journal*, and also ranks in the top 10 in the United States for the size of its collection. PLC has a strategic plan for 2011-16 that has goals of achieving financial security, advancing the use of digital content, excelling in customer service, becoming the first choice for information, and supporting literacy and lifelong learning.

Public Library of Youngstown and Mahoning County (Youngstown, Ohio)

Unless otherwise noted, the information in this case study summary is based on information obtained from the Institute of Museum and Library Services (2011), the Auditor of the State of Ohio's Regular Audit for the Reuben McMillan Free Library Association (2010), the website of the Public Library of Youngstown and Mahoning County (2011), and from an interview with Susan Merriman, the fiscal officer at The Public Library of Youngstown and Mahoning County, conducted on September 6, 2011.

The Public Library of Youngstown and Mahoning County (PLYMC) serves an estimated 238,000 people in Mahoning County, and covers an urban and suburban service area of 423 square miles. It has 840,000 items in its catalog, with 1.85 million items circulated in 2010. More than 1 million people visited PLYMC in 2010. In 2011, over 50 full-time equivalent (FTE) librarians and 95 FTE staff provided services to patrons at its main library and 15 branch locations.

PLYMC aims to be a "dependable source of reliable information and of guidance in locating and evaluating the information people need to be successful in all aspects of their lives." It also strives to be the "center of community life that provides all residents, regardless of income, age, or race with ample opportunities for personal growth and satisfying recreation."

The PLYMC strategic plan for the years 2004-2011 entitled “Library 2011” identified five priorities: financial stability, service infrastructure, meeting community needs, staff development, and civic responsibility—the library’s role in the community.

On Oct. 27, 1880, the Youngstown Library Association became official with the signing of its Articles of Incorporation. The association’s name was changed to the Reuben McMillan Free Library Association on March 5, 1898 to honor one of its founders. Oversight of the library resides with the school board. The library was housed in a building on West Federal Street until 1898.

In 1891, increased public library service became possible because of support from the first tax appropriations. A home at Market and Front streets was remodeled for library use. In 1907, the sale of the original library property, along with a $50,000 gift from Andrew Carnegie, allowed the library to relocate to the corner of Wick and Rayen streets. This is the current location of the main library, which was extensively remodeled in 1954, and renovated and expanded in 1994-96.

Under the direction of Joseph L. Wheeler from 1916 to 1926, the library experienced growth. The first real estate tax levy was passed in 1920. Clarence W. Sumner, director from 1926 to 1944, began building branches within the city. The library became a free countywide system when the Ohio Legislature reorganized the tax laws giving public libraries support through the intangible personal property tax and denying libraries any fixed share of the real estate tax without a special vote. The first county branch in Mahoning County opened in Poland in 1935, with other branches following in rapid succession.

From 1944 to 1964, there was an extensive program to build branches of the county library. This began with the passage of a tax levy to make library services more convenient, particularly as the population was shifting away from the central city (Youngstown). Additional branches were erected in subsequent decades. The new Boardman branch was completed in 1992, and the new addition and renovation to the main library started in 1994. In the late 1990s, a new strategic plan was developed that included advancing services and productivity, and strengthening the library system's place in the community. As part of the plan, some new branches were built, replacing and, in some cases, merging previous structures: Poland, Austintown, Springfield, East, and Newport.

Governance and Administration

PLYMC is an association library formed under the name Reuben McMillan Free Library Association as a not-for-profit organization through Section 1713.28 of the Ohio Revised

Code (ORC). It is governed by articles of incorporation filed in the formation of the association. A board of trustees oversees PLYMC; there are 15 voting trustees and two nonvoting trustees. Five trustees are elected to three-year terms at each annual meeting. The two nonvoting trustees are the mayor of Youngstown and the Mahoning county auditor. Carlton A. Sears has been the director of PLYMC since 1997.

The administration of PLYMC is made up of a director, assistant director, human resources director, communications and public relations director, fiscal officer, manager of technical service and automation staff, and director of development. The library has created some new administrative positions over the past few years. One is a digital services manager who oversees the digital content. The urban branch group (made up of the six urban branches) has added a position that is charged with community engagement efforts. There was also another position added in the clerical unit that is a transition between the clerical and librarian classifications.

Financial Management and Planning

PLYMC's director and fiscal officer manage the library's finances. The finance department has two full-time staff: the fiscal officer and the deputy fiscal officer. It does not have a formal mission, goals, or objectives, but the department understands that it has a fiduciary responsibility to oversee the library's fiscal operations and operate cost effectively.

PLYMC looks at historical, institutional, and trend information to do its financial forecasting. Susan Merriman, the fiscal officer at PLYMC, said that the library actively pursues any grants to supplement its funding. It has also planned for capital expenses and is also planning several projects, such as a new branch in the Jackson-Milton area that will replace two existing branches. PLYMC is also repainting the Austintown branch, renovating the Boardman branch, and renovating and expanding the Canfield branch. More consolidation will take place with the combining of six urban branches into three. Further in the future, PLYMC plans to renovate and expand its main branch. PLYMC has a history of saving and not borrowing for capital expenditures. The library accumulates money in its building and repair fund to budget for capital needs.

The library does have a fund balance and historically has carried over enough money to cover one month of expenses. It is currently carrying over about three months of expenses in its General Fund. It does not have a rainy day fund. Merriman said that the library does not use Generally Accepted Accounting Principles (GAAP) accounting, so GASB statement No. 51 does not apply.

Merriman said she has seen trends in library financial management of increased compliance requirements and a greater need to seek local support and serve the needs of the community. Merriman thinks that the library's greatest challenges today are continuing to stay abreast of community needs and keeping up with changing technology.

Financial Sustainability

PLYMC's 2009 total expenditures were $11.6 million and $10.9 million in 2010. In both years, total revenues exceeded expenditure with total revenues of approximately $12.3 million in 2009 and nearly $11.9 million in 2010. Nearly 25% of its funding comes from local taxes, while around 65% of its funding comes from the Public Library Fund (PLF).

Library levies were passed in November 2009 and 2010 that brought total revenue to $19.3 million, allowing for the restoration of hours that were previously cut as funding declined. Prior to these levies passing, PLYMC lost 30 staff members due to the previous budget cuts. The library reevaluates staffing needs on a continuing basis and hires new staff. In addition to cutting hours in 2009, the staff willingly reduced salaries, reduced purchases of materials, and eliminated funding to replace and repair technology and for building improvements.

Despite the levies that passed in 2009 and 2010, levy revenues were not sufficient to isolate PLYMC from the effect of decreases in Ohio's state library funding over that last few years. In June 2011, the board ratified an agreement with its librarians that included a pay freeze and reductions in vacation and sick time (Staff report, 2011). This agreement was a cost-saving measure that PLYMC hopes will improve efficiencies, allow a greater ability to manage current and future costs, and provide tools and flexibility to secure the workforce needed to operate a technologically advanced library (Staff report, 2011). The library system was able to increase its hours by 17% starting April 2011.

Toledo-Lucas County Public Library (Toledo, Ohio)

Unless otherwise noted, the information in this case study summary is based on information obtained from the Institute of Museum and Library Services (2011), Auditor of the State of Ohio's Comprehensive Annual Financial Report for the Toledo-Lucas County Public Library (2010 and 2011), the website of the Toledo-Lucas County Public Library (2011), and from an interview with Roger Veitch, business manager at the Toledo-Lucas County Public Library, conducted on September 7, 2011.

The Toledo-Lucas County Public Library (TLCPL) serves an estimated 440,000 people in Lucas County, and covers an urban and suburban service area of 600 square miles. It has almost 2.7 million items in its catalog, with almost 6.9 million items circulated in

2010. Almost 3 million people visited the library in 2010. TLCPL has a main library and 18 branch locations. The library operated with around 290 full-time equivalent (FTE) employees in 2010, which is down from 406 FTEs in 2006.

TLCPL's mission is "to provide information, education, and technology to help the community live, learn, and grow."

The TLCPL had its beginnings in 1838 when the Toledo Young Men's Association created a public library in Toledo. This organization evolved into the Toledo Library Association, which became the Toledo Public Library on April 18, 1873. In 1915, Toledo Public Library accepted $125,000 from Andrew Carnegie for the construction of five branch libraries in the city. The Lucas County Library System was established in 1918 and opened four branches that same year. Over the years, it gained a national reputation for its bookmobile service. The Sylvania Library, a separate entity, opened in 1925.

Toledo Public Library built a new main library in 1940. All three systems (Toledo Public, Lucas County, and Sylvania) continued to expand services and add branches over the next few decades. In 1970, the three systems merged into the current countywide Toledo-Lucas County Public Library. This merger has been successful as the library has been able to improve service, increase usage, and more effectively use tax funds.

In 1995, TLCPL adopted enhanced computer-based technology at its libraries. Voters approved a $38.6 million bond issue in November 1995 to fund the renovation and expansion of the main library and all of the system's 18 branches. This process took place from 1996 through 2007.

Governance and Administration

TLCPL is a county library district formed under the Ohio Revised Code section 3375.19 (2011). Sections 3375.22 to 3375.27 of the Ohio Revised Code govern the control and management of the library. The board of library trustees has seven members, three of which are appointed by the Court of Common Pleas judges and four by the Lucas County commissioners. The appointments are for seven-year terms; the members do not receive any compensation. The board appoints a director/fiscal officer, deputy director, business manager/deputy fiscal officers, and two assistant deputy fiscal officers. The library is fiscally independent of the county, but the county serves as the taxing authority for the library. The board of trustees has the sole power to request approval of a tax levy, as well as the role and purpose of the levy. Once those decisions are made, the county commissioners must place the levy on the ballot.

The director of TLCPL is Clyde Scoles and the deputy director is Margaret Danziger.

There is an 11-member administrative council that meets once a month to go over the state of the library. The members of the council are director, deputy director, business manager, information technology manager, facilities and operations manager, human resources manager, technical services manager, marketing manager, youth services manager, main library manager, branch services manager, and circulation/materials use manager.

Financial Management and Planning

The library's director manages the library's finances (who also has the title of fiscal officer) and the business manager (who also has the title of deputy fiscal officer). The finance department has six people, but five FTEs. The positions are business manager, assistant business manager, three accounting specialists, and a purchasing technician. The finance department does not have an official mission or goals statement, but it works with other departments to meet the library's mission statement.

TLCPL prepares a 4- to 5-year forecast every year. It has an annual board retreat to examine the state of the library. Roger Veitch, business manager at TLCPL, says that it is difficult to forecast revenues and expenditures. He said that while you generally know how much revenue is raised through the property levy, it is harder to predict the amount from the PLF. To forecast expenditures, the library looks at the previous year's spending to see if there are any cuts or increases such as utility costs that would change its projected expenditures. In planning for capital expenses, the facilities and operations department, along with the information technology department, prepares a five-year projected expenditures report each year. The library is currently undergoing minor renovations, but any major renovation plans are on hold. Capital expenditures are financed through a building and repair fund, which had around $2 million at the end of 2010, and money from the General Fund.

TCPL's property tax levy will expire in 2012 and, while it has not yet decided the amount, it will place a new levy on the ballot. While the library does not have a rainy day fund, its practice has been to maintain a fund balance at the end of the year that covers nearly one month of operating expenses. Veitch does not think that the library has any intangible assets, so he does not think GASB Statement No. 51 applies.

Veitch has observed a trend of a general decline in library funding over the past few years. In addition to decreases in state funding, the local property levy funding has also decreased due to the decline in property values. He also thinks that the library's greatest challenge is trying to obtain a steady stream of income.

Financial Sustainability

TLCPL has faced economic difficulties over the past few years. Due to the anticipated decrease in state funds and less money from local property tax collections in 2010, the library reduced hours, staff, and services in October 2009. The library hours were cut by 27% and staff was reduced through retirements, layoffs, and reduction of some full-time staff to part-time status. In January 2011, TLCPL announced cuts and changes in response to state budget reductions in public library funding and a decrease in property tax valuations. TLCPL has also reduced the purchase of library materials.

TLCPL's 2009 expenses of nearly $35.5 million exceeded its 2009 revenues ($33.6 million) by $1.9 million. Revenues for 2010 decreased to around $32.4 million, while expenses also declined to around $32.2 million. For comparison, revenues in 2005 were around $36.9 million and expenses were around $36.8 million. The state of Ohio Public Library Fund (PLF) provides around 45% of its revenues and a two-mill property levy provides around 47%. The library's system-wide circulation and total number of visitors both declined in 2010. The library has ranked highly in the Hennen American Public Library Rating Index (HAPLR) many times over the past few years, most recently as number 14 in 2010. HAPLR rates the libraries based on 15 factors of service quality and operational efficiency related to staffing, materials, and circulation. Library Journal also ranked it as a Four-Star Library in 2009 and 2010.

APPENDIX D: National Peer Libraries

Boston Public Library (Boston, MA)

Unless otherwise noted, the information in this case study summary is based on information obtained from the website of the Boston Public Library (2011), the Public Library Data Service Statistical Report 2010, and an interview with Sean Nelson, the chief financial officer at the Boston Public Library, conducted on November 10, 2011.

The Boston Public Library (BPL) is a municipal library that serves nearly 617,594 people in the city of Boston and covers an urban service area of 48 square miles. It has more than 16 million items in its catalog and circulated over 3.6 million items in 2010. Over 3.8 million people visited its branches in 2010. Staffing for fiscal year 2012 is at 413 full-time equivalents (FTEs), down from 517 FTEs in 2006. Staffing in 2010 was 398 FTEs. In addition to its central library, there are 26 branch locations.

BPL was founded in 1848 by an act of the Great and General Court of Massachusetts and was the first large free municipal library in the United States. BPL's first building of its own was a former schoolhouse located on Mason Street that was open to the public in March1854. At that time, the library's collections approximated 16,000 volumes. In December of that same year, the library's commissioners were authorized to move to a new building upon a lot on Boylston Street. The current Copley Square location has been home to the library since it moved there in 1895.

In the last half of the 19th century, the library worked to develop and expand its branch system. This was thought of as a means to extend the library's presence throughout the city; thus, the branch system evolved from an idea in 1867 to reality in 1870, when the first branch library in the United States was opened in East Boston.

Between 1872 and 1900, 21 more branches opened. In 1972, the library expanded its central library with the opening of an addition dubbed the McKim Building. Today, the McKim Building houses the BPL's research collection. The circulating collection of the general library is located in the Johnson Building, which also serves as headquarters for the Boston Public Library's 26 branch libraries.

The mission of BPL is to "is to preserve and provide access to historical records of our society, and to serve the cultural, educational, and informational needs of the people of the City and the Commonwealth."

Governance and Administration

BPL is a department within the government of the City of Boston. The nine-member board of trustees is appointed by the mayor and approved by city council. Senior administrative staff consists of President Amy Ryan, as well as the director of library services, director of administration and technology, director of finance, central library services manager, and the community services and branch manager.

Financial Management and Planning

Chief Financial Officer (CFO) Sean Nelson oversees the library's finances. The finance department has seven full-time positions. There are three in the accounting unit: an accounting manager and two accountants. The business unit has a procurement manager and three business analysts. The goals of the finance department are currently being formulated through the library's strategic planning process.

Nelson indicated that the library does not forecast revenues from public appropriations and expenditures multiple years into the future because this is difficult. Forecasting expenditures is also a challenge, he said, but when BPL does so it is conservative. However, BPL can forecast its endowment and it does monitor state tax revenues. BPL anticipates it will need to increase its future revenues to cover its anticipated expenditures and is advocating for more revenue from public sources. BPL does have a rainy day fund called a contingency reserve fund; it tries to keep around 2% of the operating budget every year in that fund. Nelson thinks BPL is currently in good fiscal health and that this will continue into next year.

Funding for capital projects comes from the city; BPL submits a list of its capital priorities to the city, which is then pooled with all of the projects from other city departments. BPL receives roughly $5.0 to $7.0 million per year for capital expenses. The bulk of BPL's capital expenses are for upkeep and renovations, since it has one of the oldest public library systems in America. BPL did open two new branches recently to replace old branches: Mattapan and Grove Hall. The new East Boston branch library is being built and will replace two branches.

Nelson said Governmental Accounting Standards Board (GASB) Statement No. 51 is not really relevant to BPL since it does not have intangible assets; however, this may become more of an issue when its new interlibrary system comes online.

Nelson points out that while patrons to libraries might be checking out fewer physical books, the demand for services is actually greater during difficult times. Also, he said, advocacy is very important: libraries need to communicate with all stakeholders – including government officials and funders – about the value that libraries add to the community across all demographics. Nelson also thinks that libraries should use one-time resources conservatively, if at all, to plug operating budget gaps, as this will ultimately prove unsustainable and defer the tough decisions that need to be made to reduce spending.

Financial Sustainability

The library's budget for fiscal year 2012 is $39.7 million. This is $0.2 million less than in fiscal year 2011 and $1.4 million less than in fiscal year 2010 The library receives about 80% of its funding from the city of Boston, as well as about 7.5% from the state and federal governments. The remaining 12.5% comes from endowments, gifts, grants, and donations.

In January 2010, the city of Boston needed to make steep reductions in its 2011 budget, so the mayor of Boston unveiled a cost-savings plan to close four neighborhood branches of the BPL system and eliminate up to 89 jobs. After three months of hearings and community meetings, in April 2010 the BPL board voted to approve the branch closures and layoffs despite considerable public outcry (Ryan, 2010).

In the end, the plan for closures and staff reductions was postponed, and after intense neighborhood and political pressure, the city added an additional $654,000 to the library's budget. This was enough to keep the branches open until April 2011. The governor of Massachusetts later signed a midyear spending bill that included $350,000 for the BPL, preventing any branch closings until June 30, 2011 (Ryan, 2011).

Among the financial troubles facing the BPL was a significant reduction in 2010 funding from the state. Although the BPL receives the majority of its funding from the city of Boston, the state has also historically contributed. In 2009, the state covered more than 18% of BPL's costs, or $8.9 million. The following year, the state's funding was reduced to $2.8 million for FY 2011 and FY 2012 (Ryan, 2011). The three state programs that have historically supported the BPL's budget are described below:

- Library of Last Recourse - The Library of Last Recourse provides reference and research services for individual residents of Boston through developing, maintaining, and preserving comprehensive collections of a research and archival nature to supplement library resources available throughout Massachusetts. Funding for this program dropped from $7.1 million in FY 2009 to $2.6 million in FY 2010, then to approximately $1.8 million for FY 2011 and FY 2012 (City of Boston, 2011).
- Boston Regional Library System - The Boston Regional Library System Program (BRLS) was one of six regional systems that were part of a state-funded program to provide supplemental services to libraries. Due to cuts in the FY 2011 budget,

the BRLS was consolidated into a single organization and funding for the BPL was eliminated (City of Boston, 2011).

- State Aid to Libraries - This funding is provided to the BPL annually if it achieves certain minimum standards of free public library service established by the state. The Boston Public Library expects to receive $561,238 in FY 2011 and $562,030 in FY 2012 (City of Boston, 2011).

On March 23, 2011, the BPL board of trustees approved the proposed $39.7 million budget for FY 2012. The budget includes a $30.1 million appropriation from the city of Boston, which constitutes a decrease of less than 1% from FY 2011 funding levels. The 2012 BPL budget has a $1.5 million shortfall; however, no branch closures and no layoffs are planned. Proposed measures to deal with this gap include limiting Sunday hours at the main library, reducing the collections budget, and allowing 15 vacancies to remain unfilled.

At the same time the BPL is dealing with financial challenges, it is in the midst of a strategic planning process named “BPL Compass.” Phase One of the strategic planning process began in the fall of 2009, during which more than 1,000 comments were collected over a three-month period. These comments came from public sessions, a staff blog, a community blog, a staff committee, and a trustee committee. The staff and public engagement comments were reviewed and used to draft principles for the strategic plan.

Phase Two of the strategic planning process was launched in October 2010, and involved sharing the draft principles with BPL staff and the community in order to collect feedback and comments. The eight draft principles were refined based on the feedback and were presented to the BPL’s board of trustees for discussion and adoption at its December 16, 2010 meeting.

The BPL accepted public input obtained through community roundtable discussions and online surveys on the outcomes, or goals, for each of the eight principles. The final draft of the Compass Plan was completed in November 2011 and presented to the BPL board of trustees for an approval vote. The BPL board of trustees unanimously approved the plan at its November 15, 2011 meeting. The eight BPL Compass Strategic Plan Principles for Excellence are listed below and are taken from BPL’s website:

- User-Centered Institution – The BPL is a user-centered institution with services that anticipate and respond to neighborhood interests and the changing demographics of the City and Commonwealth.
- Community Gathering – The BPL exists to serve and sustain communities that foster discovery, reading, thinking, conversing, teaching, and learning, in

accessible, sustainable, and welcoming facilities throughout the City, as well as with an engaging online presence.
- Special Collections – The BPL is committed to the ongoing development and preservation of its distinctive special collections, which provide citizens from all walks of life with access to their common cultural heritage.
- Center of Knowledge – The BPL is a center of knowledge that serves researchers, lifelong learners, and the intellectually curious through its incomparable collections, digital resources, and access to other scholarly networks.
- Children and Teens – The BPL fosters the love of reading and skills in critical and creative thinking among children and teens – from early literacy through mature readership – by offering a slate of services that provide academic support and intellectual growth.
- Access and Innovation – The BPL provides access to and training in innovative technology, electronic resources, and digital information through its own holdings and its strategic position within the wider world of knowledge.
- Sustainable Organization – The BPL depends on sustainability of resources through a judicious stewardship of finances; active employee participation and professional development in an environment of dignity and respect; and partnerships that enrich services, expand outreach, and leverage public investment through private support.
- Fun – The BPL leads the way for people of all ages with recreational reading and media, invigorating programs, user-created content, and opportunities for discovery in settings that are stimulating and engaging.

Denver Public Library (Denver, CO)

Unless otherwise noted, the information in this case study summary is based on information obtained from the website of the Denver Public Library (2011), the Public Library Data Service Statistical Report 2010, and an interview with Richard Weinstock, the chief financial officer at the Denver Public Library, conducted on December 14, 2011.

The Denver Public Library (DPL) is the library for both the city and county of Denver, with a service area of 155 square miles. It serves a population of 610,000 with its central branch and 23 branch libraries. Almost 3.8 million people visited DPL in 2010 and borrowed nearly 9.3 million items; its catalog has nearly 2.3 million items. Staffing for 2011 is around 423.5 full-time equivalent (FTE) staff, which is comparable to the 2006 staffing level of 411 FTEs.

Denver's first public library was established in June 1889 in a wing of Denver High School. In 1910, the city opened a Central Library building funded by Andrew Carnegie, located in downtown Civic Center Park. Between 1913 and 1920, Carnegie also provided funds for construction of the city's first eight branch libraries. A new central library opened in 1956 at the corner of Broadway and 14th Avenue.

Denver experienced explosive growth between the 1950s and the 1970s. A string of new branch libraries opened from the 1950s through the 1970s to serve sprawling neighborhoods to the southeast and southwest. Among those were the four Ross branches, funded by the estate of Denver real estate investor Frederick Ross.

By the late 1980s, library collections had outgrown the Central Library and most branch libraries as 75% of Central Library materials were stored in basements and warehouses. It had also become apparent that the aging buildings were not adaptive to the technological advancements of that time period.

In 1990, city voters approved a $91.6 million bond issue to build a new Central Library and renovate, expand, or build new branch library buildings. A 540,000 square-foot Central Library opened in 1995 and branch improvements were completed in that same year. In 2007, Denver voters supported a bond issue to enable DPL to build three new branch libraries in newly developed and underserved areas of the city. This funding also allowed for much needed infrastructure repairs to the library's existing facilities.

The mission of DPL is to "connect people with information, ideas and experiences to provide enjoyment, enrich lives and strengthen our community."

Governance and Administration

DPL is a department within the government of the consolidated city-county of Denver. The mayor appoints the eight-member library commission. The senior management staff consists of the city librarian and the directors of administrative services, collection and technology, community relations, finance and planning, and public services. Formerly, there were separate directors of finance and planning, but when the planning director left three years ago the positions were combined. DPL has not researched staffing or salary comparisons to other libraries, but there are plans to do this in the 2012.

Financial Management and Planning

The director of finance manages the library's finances. The finance and planning department has 11 employees; nine full-time and two part-time. The positions include director, agency controller, senior budget analyst, two accounts payable clerks, cash handling clerk, senior buyer, staff buyer, and three stock clerks (two are part time). Any mission or goals for the finance department are integrated into the library's overall mission. The library has quarterly review meetings that are overseen by the finance department. The finance department examines library initiatives and looks at how budgets are spent and whether performance measures are being met.

In the past, DPL would try to forecast expenditures; however, this has become increasingly difficult. As a result, it only responds to the budget situation each year and has stopped forecasting for more than one year at a time. DPL now waits for the city budget to be released with the reductions and then it plans for the coming year. Capital expenditures are also tied to the city's budget. DPL has access to funds for capital expenses when the city-county of Denver issues debt. In 2008, DPL was given capital funds to refurbish many of its branches and to build three new branches. Of those three new branches, one is built, one was under construction in 2011, and the third one is in the planning stages. DPL can also request money annually from the city for equipment repairs or improvements, as well as to replace capital equipment such as vehicles or computers. The amount of money it receives every year to replace capital equipment is between $100,000 and $200,000.

Weinstock said that the library is in good shape as far as future capital needs and that it will be some time before more capital improvements are needed. His concerns about future revenue needs are related to stability of operating funds. Along with concerns about the stability of operating funds, Weinstock has seen a trend towards less stability in library financial management. He indicated that DPL's fiscal health is tied directly to that of the city-county of Denver and thinks Denver is in better financial shape than other cities. He considers the greatest challenge for the library to be finding a stable funding source. DPL has many initiatives and plans it would like to implement, but cannot due to lack of funding. The Denver Controller's Office is responsible for responding to GASB Statement No. 51, since it produces the comprehensive annual financial report (CAFR).

In order to survive in challenging economic times, Weinstock emphasized that libraries need to find dedicated funding sources that are not tied to other governments. Another important component, he said, is having more interaction with the community and being responsive to its needs.

Financial Sustainability

DPL's general fund budget for 2010 was over $29 million, and for 2011, nearly $31 million. For comparison, the budget in 2005 was $28.5 million. Ninety percent of the library's revenue comes from the city, which are mostly sales and property taxes.

In 2007 voters approved the Better Denver Bond Program that includes funding for improving, preserving, renovating, and building new roads, libraries, parks, hospitals, public safety facilities, cultural facilities, and more. In all, over 290 projects are slated for design and construction as part of the $550 million bond package; it is anticipated that all projects will be completed by the end of 2012. Specifically for DPL, the bond program allocated $51.9 million for the renovation of 11 branch libraries and the construction of three new branches (Green Valley Ranch, Stapleton, and West Denver) (City of Denver, 2009).

The DPL budget declined sharply since 2009 and in absolute terms was lower than in 2003. Major budget cuts led to drastic reductions in service hours, staff levels, the purchase of new materials, and the proposed closing of branches. As a result of these budget constraints, the library's standards of service are falling below those set forth by the Denver Public Library Commission (DPLC). Staffing levels that were once as high as 480 FTE in 2003 have decreased to 424 FTE in 2011. Branch service hours at 18 of the 23 branches have been reduced to 32 hours a week, below the minimum threshold set forth by the DPLC of 40 hours a week.

DPL once again faced revenue reductions with its 2012 budget. The consolidated city-county of Denver instructed the DPL to prepare a 2012 budget with a reduction from the 2011 level of 9%, or approximately $2.5 million. With resources already stretched thin, library officials estimate that meeting the 2012 budget target would require eliminating 40 FTEs, reducing the acquisitions budget, and reducing service hours from 856 total hours to between 600 and 650 hours.

Library officials developed three options for meeting the mandatory service reductions. First, all branches would remain open, but branch service hours would be reduced to 24 hours a week (three days), and the Central Library service hours would be reduced to 40 hours a week (five days). Second, all branches would remain open, service hours would be reduced only slightly, but drastic reductions would be made to the acquisitions and technology budgets. Lastly, the DPL would close between seven and 12 branches, and use the savings to maintain adequate service hours at other branches and the Central Library.

Ultimately, the DPLC recommended the third option to address the 2012 budget reductions because it views the third option as the best way to allow library staff, collections, technology, programs, and services to be available to Denver residents in the most efficient, effective, and consistent manner. Further reductions in hours would result in the majority of locations being open only three days and severely limit customer access to information, programs, staff expertise, and materials. The DPL decides which branches to close: The library will look to minimize service gaps based on geography and will strive to make library locations available in every quadrant of the city.

With funding levels from the city-county of Denver unlikely to increase substantially in the foreseeable future, the DPLC has been actively advocating for the creation of a library district. Designation as a library district would enable the DPL to establish a dedicated long-term sustainable funding solution. Library districts have become a popular funding solution in Colorado, with more than 50 active library districts in the state. Library officials estimate that a library district levy would total $56 per year on a $200,000 home. This levy would raise $38 million annually and allow the DPL to operate autonomously.

The DPL has been actively engaging and educating the Denver residents on the consequences of the 2012 budget reductions and on the benefits of creating a library district. Between May 23 and June 6, 2011, the DPL held six public meetings and found that the majority of residents in attendance would support the creation of a new tax to pay for a self-funded independent library district. The Mayor's Financial Strategic Task Force released its recommendations in early February 2012. One of those recommendations was the creation of sustainable funding mechanisms for the library through either a dedicated mill levy or a separate library district. The mayor is reviewing the task force report and intends to release recommendations in April. If those recommendations include the direction that the library will take on its long-term funding, then the November 2012 ballot may include one of those options for voter approval.

District of Columbia Public Library

Unless otherwise noted, the information in this case study summary is based on information obtained from the Public Library Association (2011), the website of the District of Columbia Public Library (2011), its FY2012 Proposed Budget and Financial Plan, and an interview with District of Columbia Public Library Chief Business Officer Eric Coard, conducted on November 29, 2011.

The District of Columbia Public Library (DCPL) is a city library serving a Washington, D.C.'s urban population of 600,000 residents within 64 square miles. The main library and its 24 branches, with 288,636 cardholders (2010), circulated 2.71 million items of its 2.14 million catalog holdings in 2010. DCPL experienced 2.94 million visitors in 2009. For federal purposes, the library is considered a "state library," in that it has city, state, and county functions. The library's chief librarian also serves as the state librarian.

Created by an 1896 Congressional act, the DCPL was originally located in a house at 1326 New York Avenue NW until 1903. Andrew Carnegie donated funds for a new location at Mount Vernon Square in 1899, and the new main library was dedicated in 1903. The first branch was built in 1911 and since that time, DCPL has grown to include

24 neighborhood branches (three of which were constructed with Carnegie funds). The construction of a new main library in 1972, the Martin Luther King Jr. Memorial Library located at 9th and G streets NW, replaced the Mount Vernon Square location; it is eight times the size of the Mount Vernon building. The 400,000 square foot building was constructed for nearly $18 million and consists of seven levels (four above ground and three underground) that houses administration offices, subject divisions, meeting rooms, and exhibition space.

The mission of the library is to "provide access to materials, information, programs, and services that, when combined with expert staff, enables every resident access to lifelong learning and an enhanced quality of life that helps to build a thriving city."

Governance and Administration

When the library was created in 1896, Congress also established a Board of Trustees to set policy. A nine-member volunteer board appointed by the mayor of the District of Columbia (DC) and confirmed by the DC city council governs the library. Board members serve a maximum of two 5-year terms. The library's leadership team is comprised of a chief librarian, director of library services, chief business officer (who is in charge of all business operations), director of communications, director of intergovernmental relations, and director of public services; all report to the chief librarian.

Staffing has declined over the past five years from that of 525 full-time equivalents (FTE) to 425 FTEs (2010). The loss of staff includes both full- and part-time positions. Chief Business Officer Eric Coard said that the library's supervisory ratio is higher than it was five years ago due to better management and "doing more with less."

Financial Management and Planning

The library's finances are managed by the Business Office, which is led by the chief business officer. The Business Office is supported by seven FTE staff: a fiscal officer, budget officer, budget analyst, accounting manager, accounts payable supervisor, and two accounts payable technicians. The fiscal officer reports to the chief business officer and to an independent chief fiscal officer for the District of Columbia. The library is one of 60 government agencies and each agency has an independent chief fiscal officer who reports to the DC mayor.

The independent chief fiscal officer defines the mission, goals, and objectives of the department. It is the responsibility of the fiscal officer to ensure that the department's goals and objectives are carried out, while keeping in mind the library's overall goals. The library annual operating budget for 2010 was $41.9 million, declining to $37.0

million in 2011 and then to $36.5 million in 2012. The 2010 operating budget included the local budget, federal grants, special purpose revenues, and intradistrict funds (where another agency will provide revenues to the library to perform a task for service for that agency). In FY2011, fixed costs were removed from the operating budget and placed into a separate budget for the city.

The library's funding is derived from an annual appropriation from the District of Columbia's General Fund. While the library issues a budget request, the mayor and council decide the amount of the final appropriation. Additional funding sources are federal grant funds, private grant funds (although the library did not receive any in FY2010 or 2011), and intradistrict funds. Revenues from fines, fees, and miscellaneous revenues once went to the library, but are now part of the city's general fund. The library does not issue an independent financial report, but its finances are reflected in the city's Comprehensive Annual Financial Reports. Because the library does not control its annual budget appropriation, DCPL does not forecast revenues and expenditures. Chief Business Officer Eric Coard pointed out that the library's board of trustees strongly advocates on behalf of the library in support of its budget and needs.

The library's board president led a Blue Ribbon Panel study to assess capital needs for renovation and new construction, which resulted in a $250 million award from D.C. to renovate the entire library system. More than a dozen libraries were either renovated or newly constructed, with three new libraries soon to be completed and two currently in the design concept phase. Capital funds that were not spent in FY2010 were returned to the city and the library has requested the unspent funds be allocated to its FY2013 proposed budget so it might complete seven additional branch renovations.

Coard estimated that the library's future revenue needs are $47 million each year for the next three years. This includes a $1.0 million book budget each year. The library does not have a rainy day fund or maintain a carryover fund balance. DCPL did implement the Governmental Accounting Standards Board (GASB) Statement No. 51 (intangible asset accounting) 10 years ago. Accounting and financial reporting requirements for intangible assets are defined in GASB No. 51 in an effort to reduce inconsistencies in the "reporting of intangible assets among state and local governments, particularly in the areas of recognition, initial measurement, and amortization" (GASB Summary Statement No. 51, 2007).

Financial Sustainability

In Coard's experience in library financial management, he's seen trends toward shrinking library budgets and libraries having "to do more with less." These declining revenues have resulted in branch closings and consolidations. Another strategy he suggested was that libraries be precise as to how they prioritize the services they provide to their patrons.

The DCPL is “just able to maintain a level of funding to provide services,” Coard said. Because the library is dependent upon the city to provide appropriate funding, the library’s operations are limited by the level of funds awarded by the city. The library has reduced its hours and put forth other measures to reduce costs.

The demand for services has increased and patrons have had a greater need for electronic resources in recent years. As such, Coard said that DCPL was fortunate to receive American Recovery and Reinvestment Act funds of nearly $7 million, which allowed the library to purchase new computers, increase bandwidth, and train employees.

The library now contracts for custodial services but retains a small internal custodial staff for some services. The newly constructed buildings needed safety and maintenance services, and contracting out these services was a cost-saving option. The library is still in need of security officers for all of its locations.

The main library building is dedicated as a historic site, and as such, it is expensive to maintain its original architectural integrity. As a cost-savings measure, the library is open to relocating its main library elsewhere and working with developers to help determine the fate of the historic building.

One of the library’s greatest challenges, in Coard’s opinion, is staying open as many hours as possible to serve its constituents. Electronic media and other technology, Coard noted, also pose issues as the library struggles to maintain its bricks and mortar existence.

Enoch Pratt Free Library (Baltimore, MD)

Unless otherwise noted, the information in this case study summary is based on information obtained from the Public Library Association (2011), the website of the Enoch Pratt Free Library (2011), the 2010 Comprehensive Annual Financial Report of the Pratt Library, the Pratt Library annual report to the Boards of Trustees and Directors (2011), and an interview with Gordon Krabbe, director of Administrative Services at the Enoch Pratt Free Library, conducted on November 16, 2011.

Enoch Pratt Free Library (EPFL) is a city library serving over 630,000 in the city of Baltimore, with an urban service area of 88 square miles. It also serves as the State Library Resource Center (SLRC) for the state of Maryland, which does not have a state library. Its catalog is composed of 2.6 million items. In 2010, 1.3 million items circulated.

For 2010, staffing was 421 full-time equivalents (FTEs), down from 432 in 2009 and 470 in 2008. In addition to the Central Library, there are 21 branch libraries. The library's mission is "to provide equal access to information and services that empower, enrich, and enhance the quality of life for all."

In 1882, Baltimore businessman Enoch Pratt donated funds to establish a free public library in the city. Pratt was the first president of the library's board of trustees. The Central Library and four branches would open in 1886. By 1894, the library ranked fourth among public libraries in the nation in both collection size and circulation.

The library expanded its funding base beyond the initial Pratt endowment in the first decade of the 20th century, receiving a donation from Andrew Carnegie to open 20 new branches and its first appropriation from the City of Baltimore.

In 1927, Baltimore voters approved a plan to build a new Central Library for $3 million. Construction began in 1931 on the building that is still in use today. In 2003, a major annex was added to the building, housing Special Collections and other specialty departments. The building is in need of major systems upgrades and maintenance, however, and EPFL is waiting for the state to approve funding of these improvements.

From the 1950s through the early 1970s, voters approved bonds that financed the expansion and improvement of several neighborhood branches in the city. The Waverly, Northwood, Pennsylvania Avenue, Herring Run, and Reisterstown Road branches were opened during this period. The library opened the Southeast Anchor branch in 2007 – the first new branch in 30 years.

EPFL formed a Children's Department in 1927, and services targeting young adults in 1937. The library sent a horse-drawn book wagon around the city beginning in 1943, and upgraded the service to a bookmobile in 1949.

In 1971, the state of Maryland designated the Pratt Central Library as the State Library Resource Center (SLRC). The SLRC coordinates interlibrary loan services for Maryland's public libraries; provides access to special library materials; operates SAILOR, the statewide public information network; provides Internet access to residents through libraries; acts as a state archive; and provides statewide access to reference service through specialist librarians.

Governance and Administration

EPFL is a nonprofit 501(c)(3) organization created by an act of the Maryland legislature. It has a dual role as the public library of city of Baltimore and, since 1971, as the State Library Resource Center. Reflecting that dual role, EPFL is answerable to two boards.

The board of trustees has been a part of the governing structure of the library since its founding. Trustees are appointed for life, and the board recruits new members to fill vacancies, as needed. Currently there are 17 trustees. The board of directors was formed when EFPL became the SLRC. Current members also fill vacancies on the board through recruitment, although directors are limited to three consecutive three-year terms. Currently there are 25 directors, 15 of whom are also trustees.

In practice, the directors are involved in the management of the library and collectively work closely with the staff. The trustees approve the actions of the directors.

The library's leadership team is composed of the chief executive officer and 12 managers or specialists in charge of specific functional areas (branches, facilities, etc.). Since 1993, Dr. Carla Hayden has served as Pratt Library's CEO.

Financial Management and Planning

Financial management of EPFL is the primary responsibility of the director of administrative services, with input and oversight from the Finance Committee of the board of directors. Staffing of the library's business office consists of 10 FTEs, with approximately 7.5 FTEs involved in financial matters. In addition to the director of administrative services, the office employs a manager and a Certified Public Accountant, with the rest of the financial staff composed of fiscal clerks.

EPFL provides the state and city with short-term and long-term revenue and expenditure forecasts as part of its financial planning process. Anticipated changes in either revenues or expenditures are built in to the forecasts, so that increases in service demands are accounted for on the revenue side. The library updates its capital improvement plan annually, which is projected out over six years. The library has been successful for the past decade in expanding its funding through corporate philanthropy and foundations, while the advancement office contributes approximately $2 million per year to the library budget.

Funding remains the library's greatest challenge, according to Administrative Services Director Gordon Krabbe. The library continues to face challenges in meeting service demands. The library also must improve its ability to demonstrate its value and document the benefits it provides to the community. To that end, EPFL has created a dashboard in recent years that provides the community with usage statistics and a ready fiscal snapshot of the library. It has recently added a section on the overall value of the services it provides (e.g., 156,374 videos borrowed in fiscal year 2011, valued at $4 per video, for a total value of $625,496).

Baltimore has also adopted outcome budgeting for city government, requiring the library to develop outcomes and outputs that demonstrate progress towards goals established by the mayor, and tie those outcomes to specific expenditures.

EPFL does not have a rainy day fund but it is able to use restricted and unrestricted expendable fund balances to meet funding needs. The library intends to develop a spending plan to enhance organizational liquidity and solvency over time.

Financial Sustainability

EPFL's budgets have fluctuated during recent years. For fiscal year 2011, expenditures totaled $34.8 million, down from $36.8 million in 2010 and $41.2 million in 2009. The library receives the bulk of its funding (88% for 2011) from the Baltimore general fund and from the state. Both sources have been flat or declining since 2007. The library also took a significant loss on its investment portfolio of $3.8 million in 2009 and $1.1 million in 2008. The state provides EFPL with $9.4 million to operate the SLRC.

The funding situation has led EPFL to cut branch hours. All but four branches are open 5 to 7 hours per day, five days per week. In fiscal year 2011, 33 full-time positions were left vacant.

The library has deferred maintenance on many of its buildings, particularly the 81-year old Central Library building, to defer spending. While this has helped stabilize the capital budget, the anticipated costs of the needed maintenance and systems upgrades have grown over time to about $100 million. The bulk of that deferred maintenance cost—$88 million—is related to the Central Library itself, which has antiquated systems that need updating. Capital improvements for the Central Library are the responsibility of the state by law, but the state has been unable to fund the needed work. The director of administrative services is hopeful that the work will begin in 2015.

EPFL has cultivated funding from sources beyond the city and state. Private funding has grown from less than 1% of library support in the 1990s to nearly 10% in 2011. Private funding has been particularly important in continuing to meet the technology needs of library patrons.

Las Vegas-Clark County Library District

Unless otherwise noted, the information in this case study summary is based on information obtained from the Public Library Association (2011), the website of the Las Vegas-Clark County Library District (2011), its Comprehensive Annual Financial Plan July 1, 2010-June 30, 2011, and an interview with Fred James, CPA, deputy director/chief financial officer at the Las Vegas-Clark County Library District, conducted on November 16, 2011.

The Las Vegas-Clark County Library District (LV-CC) serves nearly 1.5 million residents within an urban and rural service area of 6,277 square miles. The district operates 25 locations across Clark County. These locations comprise 14 branches in urban areas (including its Main Library), including the incorporated cities of Las Vegas and Mesquite, and 11 outlying branches in unincorporated townships. The incorporated cities of Boulder City, Henderson, and North Las Vegas maintain separate library districts. With 675,601 cardholders in 2010, LV-CC experienced 7.1 million visitors and circulated an estimated 13.1 million items of its catalog comprised of 2.7 million holdings.

The mission of LV-CC is to "enable the people of our community to pursue lifelong learning through our responsive collections, electronic resources and innovative services. Our inviting public libraries are the cornerstones of our diverse communities where children and adults can experience personal enrichment and connect with one another." Its values and operating principles are to:

- "Respond and reach out to serve the current and evolving information needs of our diverse community.
- Create a sense of community by providing a welcoming, inviting, secure environment for our public and staff.
- Provide excellent customer service that is both timely and confidential.
- Develop a well-trained, knowledgeable, courteous and professional staff.
- Communicate with our public and staff to ensure vital, relevant and effective library services.
- Manage our resources effectively and be accountable to our funding sources."

Governance and Administration

Created in 1985 by the Nevada State Legislature as a library district, LV-CC is an independent taxing entity and is neither part of the city of Las Vegas nor of Clark County; the district is fiscally independent of the county. Prior to 1985, the Clark County Library District was under contract with the city of Las Vegas to operate and provide services to the city's libraries. A 10-member board of trustees governs the district: five are appointed by the Las Vegas City Council and five are appointed by the Clark County Board of Commissioners; all serve staggered four-year terms with a two-term limit. The board of trustees appoints an executive director, adopts policy, approves the annual budget, and sets an annual property tax levy.

The leadership team of the district is comprises the board of trustees, the executive director, and seven administrative executives: deputy director/chief operating officer, deputy director/chief financial officer, information technology director/chief information officer, general services director, human resources director, marketing and community relations director, and a development director. Staffing for 2010 was at 454.1 full time equivalents (FTEs), with 99 (FTE) professional librarians and 355.1 (FTE) other staff (professional and support staff). Over the past five years, employee staffing has declined from that of 500 FTEs or by a total of 37 positions (includes full- and part-time), due to the lagging economy. The duties of some positions were combined after positions became vacant through attrition, layoffs, and early retirements.

Financial Management and Planning

The district's finances are managed by the Business Office, which is led by the deputy director/chief financial officer. There are eight full-time staff within the Business Office: the deputy director/chief financial officer, an assistant finance director, an administrative assistant, an accountant, an accounting technician II, and three accounting technicians I. Over the past 12.5 years, the Business Office has shifted from manual to automated operations and is seeking to integrate accounting and human resources functions. James believes in cross-training employees across departments with similar functions, such as business, finance, and human resources. For example, he indicated that there are many aspects of library district operations that are similar across departments (e.g., fee collections, software purchases, budget, and even complaints). He indicated that cross-training not only enables department staff to enhance their skills but it also reduces duplicative labor and increases efficiency across departments and the district overall.

The Business Office's overall operating goals are to "provide excellent services to the District's employees, vendors, and patrons, and to the District administration, for the timely filing of all relevant financial reports and documents with the appropriate government agency and its fiduciary duties over District assets." Primary short- and long-term goals for the Business Office are determined by the district's strategic plan. LV-CC is currently updating its strategic plan, which it anticipates will be finalized by July 1, 2012. Once the district's strategic plan is adopted, the Business Office will meet monthly to assess its progress on goals and objectives.

The library district's annual budget for 2010 was $53.6 million, declining to $52.5 million in 2011 and $50.6 million in 2012. The district's primary source of revenue is property taxes (69%), which are based on an assessed valuation rate of 9.41 cents for every $1,000 of assessed value. Another revenue source is funding derived from an 8% consolidated sales tax, which is collected by Clark County. The district receives about $15 million from the consolidated sales tax. This accounts for 26% of its overall revenues. The district also receives nearly 5% of its funding from other miscellaneous revenues, such as fines, fees, operating grants, and contributions.

The district typically maintains a minimum of 6% or higher of operating revenues in its General Fund, although the state mandates a minimum of 4%. It does not have a rainy day fund. LV-CC does not implement Governmental Accounting Standards Board (GASB) Statement No. 51 because the district does not have intangible assets.

Following the strategic plan, the library has channeled capital expenditures to underserved areas. Currently, the replacement of equipment and software are planned annually based on the availability of funds within its capital project fund. Capital projects are funded through municipal bonds and the use of General Fund transfers. The effects of demand for increasing growth in library services, James said, have been felt in the area of building maintenance and repair. As the district's buildings age, maintenance and repair costs increase. Also, as new buildings are added, cost increases for additional staff salaries and benefits, services and supplies, and technology will be incurred.

James indicated that the district's future revenue needs will be to meet increasing expenses for contracts regarding services and supplies, expected salary and benefits increases (particularly health care), and the costs of operating new branches. The district does not plan to initiate levies to help manage future revenue needs, but will seek other ways to manage these types of demands, James said.

The library district is viewed as fiscally healthy, James said, and will remain so if declining property taxes stabilize, visitors to the area remain stable or increase, and health care costs remain stable. As with many libraries across the nation, LV-CC's revenues have not kept pace with its expenditures in the past several fiscal years.

Financial Sustainability

The city of Las Vegas is one of the nation's leading cities in home foreclosures. As a result, the district's property tax revenues have declined over the past several years. Recognizing the need to reduce operating expenses, the district initiated a multiyear strategy for financial sustainability.

The district began by establishing reserves to fund a comprehensive program for building maintenance and repair and infrastructure improvements, telecommunications hardware and software systems (including the replacement and upgrade of computers), and new construction projects.

In 2001, the library district sought a bond issue to support new construction projects; the levy failed. In light of this failure, the district sought other ways to finance construction of four new libraries. During the preparation of the annual budget, James realized that sales tax revenues were steadily increasing each year. A revenue analysis by an independent consultant confirmed this. Seeing an opportunity, James suggested that the district establish a separate capital projects fund within the district's budget to begin setting aside reserves from increases in sales and property tax revenues to fund these types of projects. Included within this fund are four separate program areas: building maintenance and repairs, general infrastructure improvements, technological improvements and replacements, and new building construction. The district apportions revenues for each of these funds, setting and maintaining a desired amount of total operating revenues for each. These funds are available to meet deficits in the General Fund.

It is also the district's policy to forecast for revenues and expenditures, and James credits this as a major reason for the district's fiscally healthy position. The district annually performs revenues and expenditures forecasting for up to a 15-year period, based on expected annual increases in both areas, and will continue to "adjust its operating expenditures to match revised revenue forecasts."

The district was also able to come to an agreement with its employee unions to maintain salaries at the current level for two years, as well as to decrease health care costs over the same period. As a result, the district did not have to initiate layoffs or reduce library hours of operation. Contract renegotiations will begin again in January 2013.

Another cost-savings and revenue-generating measure was to purchase coin copiers for each library. For the district, copiers cost (on average) $4,500 each (one-time cost). The district replaces these copiers every five years, or when needed. Annual revenues to the district total $50,000; one copier can generate up to $5,000 per year.

During his more than 12.5 years in library financial management, James has seen a demand for strong financial staff, an increase in the use of revenues and expenditures forecasting techniques, and better cash flow management as trends among libraries. He also views strategic planning as one of the most significant trends used in progressive library systems to guide not only operations, but also to guide library management and board decision making.

According to James, the greatest challenges to libraries are keeping up with changes in technology, maintaining a safe and clean environment for staff and patrons, and the ability to predict the needs of future library patrons as the price of technology become even more affordable. He sees technology as changing the way libraries offer services – one doesn't have to physically go to a library to partake of its services. The challenge, James said, is that of moving from a book-based library to an electronic one.

He views the forecasting of revenues and expenditures to help prepare for the contracting U.S. economy as vital to the survival of libraries. "Forecasting can show where your library will be in deficit over time," he said. James also pointed out that it is important to library management to know how concessions given by management to employees today will impact future revenues. Concessions have a compounding effect over time, he said. "Something as simple as $100,000 in concessions today can eat up over $1 million of available revenues in a 10-year period," said James.

Milwaukee Public Library (Milwaukee, WI)

Unless otherwise noted, the information in this case study summary is based on information obtained from the Public Library Association (2011), the website of the Milwaukee Public Library (2011), and an interview with Taj Schoening, business operations manager at the Milwaukee Public Library, conducted on November 18, 2011.

Milwaukee Public Library (MPL) is a city library serving over 604,000 residents in the city of Milwaukee, with an urban service area of 106 square miles. Its catalog is composed of 2.5 million items, with 2.7 million items circulated in 2010. For 2010, staffing was 320 full-time equivalents (FTEs), or 368 total positions, down from 330 FTEs in 2009. The library operates 12 branches in addition to the Central Library. MPL's mission is to "provide materials, services and facilities for all citizens of Milwaukee and others in order to meet present and future informational needs and raise the level of civilization in Milwaukee." MPL has also adopted the following vision statement: "The Milwaukee Public Library is every person's gateway to an expanding world of information. Providing the best in library service, the staff guides Milwaukeeans in their pursuit of knowledge, enjoyment and lifelong learning, ultimately enriching individual lives and the community as a whole."

The Milwaukee Public Library has its origins in a Milwaukee organization called the Young Men's Association, which started its own subscription library in 1847. The library was open only to dues-paying members, rented space in different locations to house its books, and sponsored appearances by noted figures at its lecture series.

In 1878, the Wisconsin legislature authorized the city to create its own public library. The 10,000 volumes held by the Young Men's Associations became the basis for the new library. The library continued to occupy rented space until 1898, when designs were solicited for a new building to house both the public library and the city's public museum. The two institutions shared the building for nearly 70 years; the library remains in the building. An addition to the building was built in 1957.

The library initially expanded beyond the walls of the Central Library by operating book depositories in existing neighborhood locations such as grocery stores before renting dedicated spaces for branches, usually in storefront buildings. In 1910, the library opened its own branch building on West Madison Street. During the 1960s, the library began the replacement of the storefront branches and the West Madison branch with modern neighborhood branches.

Most recently, the Villard Square Branch opened in October 2011 as part of a mixed-use development. The branch occupies the ground floor of a new building, with 47 apartments above. The library system continues to address the fit between its facilities and the needs of its patrons in a city with a shrinking population and declining tax base through an evolving facilities plan. The library is currently considering submittals for the mixed-use redevelopment of the East Library branch.

MPL is one of 15 libraries in the countywide library system with shared materials and a shared catalog system.

Governance and Administration

MPL is a department within the administration of the city of Milwaukee. The library director is appointed by the Mayor and is a member of the Mayor's cabinet. The Mayor submits an annual proposed budget that determines funding levels for the library as with all city departments. A 15-member Common Council may amend the budget and the amendments are subject to Mayoral vetoes.

The board of trustees of the Milwaukee Public Library has 12 members. The mayor appoints three members of the city's Common Council (the city legislative body) to the board and five citizen members who must be residents of Milwaukee. The Common Council president appoints one citizen member. The superintendent of Milwaukee Public Schools and the president of the School Board each appoint a representative. Finally, the county executive appoints one member from the Milwaukee County Board of Supervisors.

There are 11 members of the library leadership team: the library director, deputy director for public service, technical services manager, business operations manager, two public services managers, two public services coordinators, the human resources officer, marketing and public relations manager, and the director of the Milwaukee Public Library Foundation. Paula Kiely is the director of the library.

Financial Management and Planning

Because the Milwaukee Public Library is a department of the city, its financial management is split between library staff and the city administration. The mayor appropriates funding and establishes an overall budget. The library director, as a member of the city cabinet, provides input on the revenue needs of the library. The business operations manager monitors the budget, makes payments, and monitors the flow of funds between the library, the city, and the library foundation.

According to Taj Schoening, the business operations manager, the library makes a concerted effort to educate the community and its leaders on the value of libraries and the services it provides to Milwaukee residents. The library's budget is developed at the same time as other city departments including public safety and public works, so it is critical to establish the worth of public library services. The library particularly emphasizes its educational efforts to children, providing information regarding its early childhood programming and outreach to parents and daycare centers. Maintaining services and materials in the wake of shrinking revenue remains the biggest challenge, according to Schoening.

The library does not have a rainy day fund. Any remaining balance at the end of the year reverts back to the city's General Fund.

Financial Sustainability

MPL's budgets in recent years have reflected the general economic climate. In 2011, the budget was $24.8 million, compared to $22.5 million in 2010 and $25.4 million in 2009. The library receives 90% of its funding through city appropriations. To cope with the uneven funding, the library system has cut branch hours, services, and staffing. According to the city's 2010 Comprehensive Annual Financial Report, library hours of operation have declined from 34,302 per year in 2007 to just 25,996 in 2010 (p. 157). In addition to trimming staff positions, some librarian positions have been changed to paraprofessional positions at a lower pay level and not requiring a library science degree. The bookmobile service and book bindery have been eliminated. The library has also reduced its acquisitions budget and shifted money from books to databases and electronic sources.

The city has allocated Community Development Block Grant funds for operating expenses for the Center Street library branch for a number of years ($521,000 in 2010), in order to maintain library service to that neighborhood.

The biggest effort to ensure the library's sustainability during difficult economic times has been the facilities plan, which was finished three years ago. The branch buildings from the 1960s and 1970s are outmoded and inefficient and have not been upgraded. The library system made a decision not to invest in the modernization of these buildings, because they were not appropriate for the services being provided today. Instead, the library will pursue different types of branches for different neighborhood contexts. In some areas, the library will consolidate two branch libraries to create an area library. Elsewhere it has either completed or made plans to open a new, smaller library branch as an anchor in a mixed-use development project. It will also retain some newer neighborhood branches. The library is also exploring the creation of express or kiosk stations that would bring a minimal level of service to neighborhoods affected by branch consolidation.

Seattle Public Library (Seattle, WA)

Unless otherwise noted, the information in this case study summary is based on information obtained from the Institute of Museum and Library Services (2011), the website of the Seattle Public Library (2011), and an interview with Marilynne Gardner, the chief financial officer at the Seattle Public Library, conducted on November 17, 2011.

The Seattle Public Library (SPL) is a municipal library that serves nearly 610,000 people in the city of Seattle. Its service area spans 84 square miles. SPL has more than 2.2 million items in its catalog, with over 11 million items circulated in 2010. Nearly seven million people visited its branches in 2010. In 2011 SPL's staffing comprised 503.20 full-time equivalents (FTEs), down from 527.05 FTEs in 2010 and 533.11 FTEs in 2009. In addition to its central library, there are 26 branch locations.

The mission of SPL is to "bring people, information and ideas together to enrich lives and build community." SPL also has a vision for Seattle as "A city where imagination and opportunity thrive." SPL was awarded a top rating of five stars among large libraries for 2010 and 2011 in the Library Journal Index of Public Library Service.

In 1890, the City of Seattle established the library as an official city department, and the new public library opened in 1891 on the fifth floor of the Occidental Building in Pioneer Square. During the first decade, the library had moved several times until it settled at the Yesler Mansion in 1899. After the Mansion burned down in January 1901, Andrew Carnegie donated $200,000 for a new library in Seattle. The new library opened in December 1906 on the block bounded by Fourth and Fifth avenues and Madison and Spring streets. In the first year of operation, the number of registered borrowers increased nearly 100%, to 19,229 and the number of books checked out increased 50%, to 454,735.

The years that followed included growth for SPL, with Seattle's annexation of the town of Ballard in 1907 bringing the first branch to the system. Additional money from Carnegie funded five new branch buildings: three in 1910, one in 1914, and one in 1915. The first branch – the Yesler Branch – financed by city funds also opened in 1914 and soon became the busiest branch in the system. A new branch paid for with Carnegie's funds in the1920s was the last new library branch to be built in the city for three decades.

During the depression, while circulation soared past four million for the first time, SPL's budget decreased, bringing layoffs of employees and dissolution of programs. In the following decade, SPL continued to struggle and only met two of its seven goals in its 1930 10-year plan. In the 1940s and 1950s, SPL began to slowly experience positive changes: three new branch libraries were constructed in 1954 and its first bond issue was passed in 1956.

A new 206,000 square foot central library was dedicated in March 1960 and loaned out almost one million volumes in its first nine months. This represented a 31% increase over the previous year's circulation. More branches came in 1961, 1963, 1964, and 1976. However, the 1970s and 1980s resulted in tight budgets and constriction of services. Despite these challenges, SPL was able to renovate its central library in 1979, construct its Rainer Beach Branch in 1981, and establish The Seattle Public Library Foundation in 1980 to increase outside financial support.

Two years after the completion of a $4.6 million restoration project of the library's six Carnegie-funded branches, SPL celebrated its 100th anniversary in 1991. Circulation rose past five million items in the mid-1990s. In 1998, Seattle voters approved the largest library bond issue ever submitted in the United States, which proposed $196.4 million in projects to transform the library system. This resulted in doubling the square footage of the library system, four new libraries, a new central library, and the replacement, expansion, or renovation of 22 existing branches. This "Libraries for All" bond measure was completed in 2008, with a final price tag of $290.7 million (including other funding, such as donations).

Governance and Administration

The SPL is a department within the government of the City of Seattle. The five board of trustees are appointed by the mayor and approved by city council. The library leadership team comprises the city librarian, human resources, information technology, communications, finance and administrative services, and three public services positions (central, branches, and programs). The executive director of the Seattle Public Library Foundation is also a part of the leadership team, but the position is part of a separate nonprofit organization that is housed inside the central library. The city librarian is Marcellus Turner.

Financial Management and Planning

The chief financial officer of SPL manages the library finances. The finance department at SPL consists of the chief financial officer, one finance manager in charge of the operating budget, and one in charge of the capital budget. There is also a business office with an office coordinator and two accounting assistants. All of these positions are full time although the two managers carry additional responsibilities such as strategic planning, statistics and reporting, and operations analysis. The chief financial officer is also responsible for library operations including facilities, security and materials processing. Since the SPL is a city department, it receives more than 95% of its funding from the city's General Fund. The remaining funding comes from fines, fees, copy services, concessions proceeds, parking revenue, and cable franchise fees. SPL's operating budget for 2011 is $50 million. It also has about $1.0 million budgeted in 2011 for capital expenses.

SPL works with the city budget office on financial planning and is a part of the city budget office's six-year planning process for capital and operating expenses. The city's financial management plan also includes SPL. SPL has an internal process that requires the library to provide a rationale to the city for library funding. The library just completed a 10-year capital development program that included renovating or rebuilding all facilities. SPL obtains funding through the city from a real estate excise tax that is used for capital improvements in the city. Regarding future capital needs, Marilynne Gardner, chief financial officer (CFO) at SPL, envisions that the library will need to increase investment as the heavy use of its buildings creates the need for upkeep.

The City of Seattle itself has a rainy day fund and an emergency fund. While SPL does have a small balance in its Library Fund, it does not function like a rainy day fund. The Library is included in the annual audit of the City of Seattle's finances conducted by the state auditor.

SPL has faced challenges in keeping up with the increasing growth in the demand for library services. SPL indicated a need to obtain more funding in order to maintain its current service levels and avoid further reductions given continuing recessionary impacts on the city's General Fund revenues. SPL and leaders in Seattle city government recognize that libraries' greatest challenges today are sustainability and staying relevant with the changing information needs and demands, and in order to survive in these tough times, libraries need to maintain their value in the community and communicate to patrons; libraries need to reach out to customers.

In 2010, the Seattle City Council asked SPL to explore funding alternatives that would stabilize the Library's funding and in 2011 the Council asked the Library to explore a potential voter-approved levy in 2012 that would supplement funding provided by the city's General Fund revenues. This work is currently underway.

Financial Sustainability

As a result of declines in the city's General Fund (the principal fund for budgeting operations of the library), the SPL has contended with several years of budget reductions. In 2009, the library was faced with a 2% budget reduction, equaling approximately $1.0 million. The library examined several options to meet the budget reductions and ultimately chose a combination of a week long system-wide closure in conjunction with administrative cuts. The closure, which took place between August 3, 2009 and September 7, 2009, saved the SPL approximately $655,000. The closure meant reductions in annual compensation for SPL employees who were not paid and did not accrue vacation or retirement benefits during that time. The administrative cuts, which equaled approximately $350,000, included administrative layoffs, extending the staff computer replacement schedule, and reducing the training budget.

The week of August 31, 2009 through September 6, 2009 was selected for the system-wide closure for a number of reasons. These include lower rates of general library usages compared to other times of the year, school not being in session, and fewer library programs being scheduled. The other options considered by the SPL administration included a rotating schedule of branch closures so that the same or similar services would be available at a nearby branch if one is closed, but this did not produce the magnitude of savings necessary. Another option considered was the closing of all branch libraries on Fridays for the second half of 2009. Although this option would have produced the same savings as August 31 to September 6, 2009 system-wide closure, there would have been a greater reduction in service hours. Also, a Friday closure of all branches would have resulted in nearly 22 staff layoffs.

Facing a $1.7 million budget reduction in 2010, the SPL announced that it would again implement a week-long, system-wide closure. The closure saved the SPL approximately $650,000. The remaining reductions were made through cuts to branch hours, management and administration, the budget for books and materials, staff computers, and staff training.

The previously mentioned change in branch operating hours affected all 26 branches in the SPL system. Operating hours at 15 branches were reduced to 35 hours per week: five days a week at seven hours each day. The operating hours at the remaining 11 branches were increased by 7 hours to 60 hours per week: four days at 10 hours, two days at eight hours, and one day at four hours. The hours at the Central Library were not changed.

In an effort to further reduce operating expenses, in May 2010, the SPL announced that it would stop generating and mailing paper notices to patrons and switch to email or automated phone notifications. In early 2010 more than 24,000 patrons were still receiving paper notices informing them of materials ready for pick up, fines, and other library account information. It was estimated that 150,000 paper notices were mailed out annually; thus by eliminating paper notices, the SPL would save approximately $60,000. In addition to saving the SPL money and conserving paper, this change enables patrons to receive information about reserved items ready for pick-up as soon as they are available, rather than experiencing a two- to three-day wait for the mailings to arrive.

On February 23, 2010, the SPL board of trustees approved a new strategic plan named "My Library: The Next Generation." The strategic plan charts the future course for growth and services at the SPL through 2015. The plan is the culmination of a year-long process to determine new priorities for serving the next generation of Seattle readers. The previous strategic plan, "Libraries for All" focused on rebuilding and renewing the library buildings, while this strategic plan prioritizes services and resources for the 21st century information needs. The strategic plan focuses on the following five goals:

- Fuel Seattle's passion for reading, personal growth, and learning
- Expand Seattle's access to information, ideas, and stories
- Empower Seattle's distinctive communities and vibrant neighborhoods
- Build partnerships to make a difference in people's lives
- Foster an organizational culture of innovation

Facing further budget reductions in the fall of 2010, the SPL raised its late fees and began to use a collection agency to collect fines incurred by children under the age of 13 for overdue library books. By the spring of 2011, the SPL discovered that older debts had diminishing returns and that the cost to collect on all children debts was more expensive than what the library could potentially recover. Of the 7,610 children debts identified, the library only submitted 4,415 to collections. When the effort began in November 2010, the SPL estimated collection revenues to increase $371,000 for 2011, but collections fell short of their projections. Through the first three months of 2011, the SPL net collection revenues were only $28,500 (which does not include value of materials recovered), forcing the SPL to reduce its annual collections forecast to $65,000. Similarly, the SPL assumed revenue increases when it raised overdue fines from 15 cents to 25 cents per day. Again the revenues fell short of their projections. In assessing why the projections were off, the SPL determined that by increasing fines, more books were returned on time (Ho, 2011). This resulted in less revenue for the library (Ho, 2011).

St. Louis Public Library

Unless otherwise noted, the information in this case study summary is based on information obtained from the Public Library Association (2011), the website of the St. Louis Public Library (2011), the 2010 Financial Statements of the St. Louis Public Library, and an interview with William Jackson, chief financial officer of the St. Louis Public Library, conducted on February 3, 2012.

St. Louis Public Library (SLPL) is a city library serving 319,000 people in the city of St. Louis, with a service area of 62 square miles. Its catalog is composed of 3,380,000 items and 2,460,000 items circulated in 2010. The library experienced 2.2 million visitors that year. In 2010, the library employed 446 people; according to the Public Library Data Service, staffing was 313 FTEs for 2010. In addition to the Central Library, there are 15 branch libraries. The mission of the library is “to provide learning resources and information services that support and improve individual, family, and community life through a variety of services, programs, and initiatives.”

SLPL originated in 1865 as a subscription-only library run by the Public School Library Society of St. Louis. In 1874, the general public was allowed to use the facilities for reference and reading but not to check books out of the library. In 1894, city residents voted to create the current library with services available to all St. Louis residents. The library was funded by a dedicated property tax.

A donation from Andrew Carnegie in 1901 funded the construction of the downtown Central Library, which opened to the public in 1912, and six neighborhood branches. Book deliveries, children’s programming, and librarian training were also added in the early 20th century, paving the way for the expansion of the library to its current number of branches.

In the past decade, 14 of the branches have been renovated, expanded, or replaced. The original Central Library building is also halfway through a two year, $45 million renovation.

Governance and Administration

SLPL is an independent municipal library district operating within the city of St. Louis; SLPL serves as its own taxing authority. Nine people comprise the board of directors and are appointed by the mayor of St. Louis.

The leadership team consists of the executive director, deputy executive director, chief financial advisor, and eight key administrators: director central library, director branch libraries, director technology services, director technical services, director youth services, director support services, director marketing, and associate deputy directory.

Financial Management and Planning

Management of SLPL’s finances is the primary responsibility of the chief financial officer. The finance department has six full-time employees: an assistant business manager, an accountant, and four accounting clerks.

SLPL establishes annual budgets based on assessed property values, and historical trends in revenues and expenditures. The library is working through a decade-long process of upgrading or replacing branch libraries, in addition to the restoration of the Central Library. SLPL is just beginning a major strategic planning process.

Growing demand for technology for both the public and the staff has stressed the library's budgets, although revenues have been keeping pace with expenditures.

SLPL tries to maintain a fund balance of approximately $11 million, which is designated as working capital.

Financial Sustainability

For 2010, SLPL budgeted $23.8 million in revenues and $26.5 million in expenses. These figures represent an increase of 19.6% in revenues and 24.4% in expenses over 2005. According to SLPL's financial statements, actual revenues for 2010 were $25.9 million and actual expenditures were $21 million.

SLPL has been fortunate in the current environment, according to Chief Financial Officer William Jackson. The dedicated property tax has enabled the library to maintain revenue levels for the past few years and to avoid cuts in service that have plagued libraries elsewhere. There has also been little decline in property assessments that have cut into other libraries' revenue streams. According to SLPL's financial statements, assessed property values declined by 0.7% in 2010, or $32 million (p. 3).

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