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## Hearing on the Fiscal 2014 Preliminary Budget & the Fiscal 2013 Preliminary Mayor's Management Report

Libraries

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# Table of Contents

Summary and Impact..... 1

Libraries Financial Summary ..... 1

Highlights ..... 3

The Libraries..... 4

    New York Public Library System..... 4

    Brooklyn Public Library System ..... 6

    Queens Borough Public Library..... 7

Capital Program ..... 8

    Preliminary Budget Highlights..... 9

Appendix A..... 10

    Budget Actions in the November and Preliminary Plans..... 10



Library services are provided through three independent systems: the Brooklyn Public Library (BPL), the New York Public Library (NYPL) and the Queens Borough Public Library (QBPL). These systems operate 214 local library branches throughout the City and four research library centers in Manhattan. The libraries offer free and open access to books, periodicals, electronic resources and non-print materials. Reference and career services, Internet access, and educational, cultural and recreational programming for adults, young adults and children are also provided. The libraries' collections include 377 electronic databases and more than 65 million books, periodicals and other circulating and reference items. The City provides for both direct operating support and energy costs in all facilities, which it does in part through prepayments in the current fiscal year.

This report analyzes the impact of the year-over-year loss of funding for the City's three public library systems, reviews the Preliminary Mayor's Management Report indicators related to each system, and reviews the capital program for the systems.

## Summary and Impact

Each system receives City tax-levy funds for operational and energy support, as well as capital funds for maintenance of the over 200 branches managed by the systems and to create new branches and/or specialized centers. Since Fiscal 2008, the systems have maintained City support well above \$300 million. For Fiscal 2014, the Administration is proposing a \$193 million subsidy for the systems, which is a 35 percent reduction from the Fiscal 2013 Adopted Budget. The following table, "Financial Summary for the Libraries", provides an overview of City support from Fiscal 2012 to the Preliminary Plan for Fiscal 2014, demonstrating the proposed loss of funding to each system.

### Libraries Financial Summary

<i>Dollars in Thousands (Adjusted for prepayments)</i>	<b>2012 Actual</b>	<b>2013 Adopted</b>	<b>2013 Prelim. Plan</b>	<b>2014 Prelim. Plan</b>	<b>*Difference 2013–2014</b>
Research Libraries	\$19,468	\$22,311	\$22,004	\$14,734	(\$7,577)
NYPL	97,640	111,292	109,766	71,775	(39,517)
BPL	75,181	83,477	82,334	53,843	(29,634)
QBPL	75,017	82,347	81,220	52,807	(29,540)
<b>TOTAL</b>	<b>\$267,306</b>	<b>\$299,427</b>	<b>\$295,324</b>	<b>\$193,159</b>	<b>(\$106,268)</b>

*\* Difference refers to the variance between the Fiscal 2013 Adopted Budget and the Fiscal 2014 Preliminary Plan.*

### Fiscal 2013 Restoration

The Council has routinely provided supplemental or restorative funds to the City's operational subsidy for the research and branch libraries to ensure that these libraries are able to maintain necessary service hours and materials for all New Yorkers. However, due to the large funding deficits to the three systems beginning in Fiscal 2011, the Council and the Administration restored funding to the systems. In Fiscal 2013, the Council provided \$22 million and the Administration provided \$67.5 million for a partial restoration of cuts. This \$89.5 million restoration is not included in the Fiscal 2014 Preliminary Budget, and it, along with the eight percent PEG totaling

\$16.7 million, creates the large deficit facing the libraries for Fiscal 2014 as shown above. The chart below provides a breakdown of the Fiscal 2013 restoration to each system.

<b>FY 2013 Changes at Adoption</b>			
<i>Dollars in Thousands</i>			
	<b>City Council</b>	<b>Administration</b>	<b>Total</b>
<b>Research Libraries - Partial PEG Restoration</b>	\$1,540	\$4,726	\$6,266
<b>NYPL Branches - Partial PEG Restoration</b>	8,184	25,115	33,299
<b>BPL - Partial PEG Restoration</b>	6,138	18,836	24,974
<b>QBPL - Partial PEG Restoration</b>	6,138	18,836	24,974
<b>TOTAL</b>	<b>\$22,000</b>	<b>\$67,513</b>	<b>\$89,513</b>

### The Impact of the \$106 Million Deficit

As discussed previously, there is a proposed \$106.3 million, or 35 percent, loss in funding to the three library systems for Fiscal 2014, reducing funding to post-September 11<sup>th</sup> levels. The possible impact of the \$106.3 million year-over-year loss is outlined below.

- **Branch Closings.** The three systems would be forced to close a number of library branches throughout the City. After three fiscal years since the historic six-day service funding agreement of \$43 million in Fiscal 2008 between the Administration and the Council, the three systems would move from providing six-to-seven days of service to having branches closed and the remaining branches open during limited hours. If the reductions are implemented, there would be branch closures in Fiscal 2014, however the number of possible closures has not been identified by the systems at this time.
- **Headcount Reductions.** In addition, headcount reductions would occur as a consequence of reduced funding. It is unclear where the majority of the proposed headcount reductions would be through layoffs or incentivized retirement and attrition.
- **OTPS Spending Reductions.** The Other Than Personal Services spending was reduced or suspended in Fiscal 2011 to absorb mid-year reductions to the libraries. These reductions in or suspension of spending would continue or worsen in Fiscal 2014, jeopardizing the integrity of each system's materials and book collection.

## Highlights

### Expense Budget Actions

In addition to the eight percent PEG (\$16.7 million) for the systems in Fiscal 2014, each system would receive \$350,000 in Fiscal 2014 from the Center of Economic Opportunity for adult literacy programs.

### Fiscal 2013-2014 State Executive Budget Highlight

Library Aid from the State remains flat in the 2013-2014 State Executive Budget, however, this funding level maintains cuts from previous years, leaving the three systems to fill the funding gaps from other sources.

### Capital Budget Highlights

There is \$415 million for the libraries in City funds for Fiscal 2013 and \$51 million in City funds for Fiscal 2014 included in the Fiscal 2014 Preliminary Capital Commitment Plan. Because of the large amount of commitments placed in Fiscal 2013, these funds will roll over into Fiscal 2014. These committed funds support technological upgrades, ADA compliance measures, and improved infrastructure at the branches, building of new branches and centers throughout the City, as well as renovations to branches that were harshly impacted by Superstorm Sandy. Details of the capital program are outlined in the capital section of this report.

### Preliminary Mayor's Management Report (PMMR) Highlights

Although the libraries have experienced year-over-year losses since Fiscal 2008, there continues to be a steady increase in circulation and overall attendance at public library branches throughout the City. The PMMR reflects how the lack of funding has provided lower averages of service hours per week and lowered the number of programs to be offered each year. Details of key performance measures are provided in the appropriate sections for each system in this report.

## The Libraries

### New York Public Library System

The New York Public Library includes 86 branch libraries in the Bronx, Manhattan and Staten Island. The four research libraries are the Library for the Performing Arts located at Lincoln Center, the Schomburg Center for Research in Black Culture located in Harlem, the Science, Industry and Business Library in Midtown, and the main library on 5<sup>th</sup> Avenue and 42<sup>nd</sup> Street (Humanities and Social Science). In Fiscal 2012, the New York Public Library had a record high of 28 million in circulation, and they had nearly 15 million people in attendance.

<i>Dollars in Thousands</i>	2012 Actual	2013 Adopted	2013 Prelim. Plan	2014 Prelim. Plan	*Difference 2013–2014
Branch Libraries	\$97,640	\$111,292	\$109,766	\$71,775	(\$39,517)
<b>TOTAL</b>	<b>\$97,640</b>	<b>\$111,292</b>	<b>\$109,766</b>	<b>\$71,775</b>	<b>(\$39,517)</b>

*\*Difference refers to the variance between the Fiscal 2013 Adopted Budget and the Fiscal 2014 Preliminary Plan.*

<i>Dollars in Thousands</i>	2012 Actual	2013 Adopted	2013 Prelim. Plan	2014 Prelim. Plan	*Difference 2013–2014
Research Libraries	\$19,468	\$22,311	\$22,004	\$14,734	(\$7,577)
<b>TOTAL</b>	<b>\$19,468</b>	<b>\$22,311</b>	<b>\$22,004</b>	<b>\$14,734</b>	<b>(\$7,577)</b>

*\*Difference refers to the variance between the Fiscal 2013 Adopted Budget and the Fiscal 2014 Preliminary Plan.*

Below is the possible impact to the NYPL system of the proposed deficit in Fiscal 2014.

- **Budget Reductions.** For Fiscal 2014, there is a reduction of \$7.5 million in Fiscal 2014 and the outyears to the research and branch libraries and does not include \$39.4 million restored in the Fiscal 2013 Adopted Budget.
- **Impact on Headcount and Service.** The \$47 million deficit for Fiscal 2014 could have a harsh impact on headcount and service provided by the two systems. However, it is unclear where the specific reductions will be at this time.

## Performance Measures

The following performance measures are highlighted in the Preliminary Mayor's Management Report for the Research Libraries.

	FY 10 Actual	FY 11 Actual	FY 12 Actual	Target FY 13	Target FY 14	4-Month Actual FY 12	4-Month Actual FY 13
Average weekly scheduled hours	48.8	46.8	46.8	46.8	46.8	46.8	46.8
Libraries open six days per week (%)	100%	75%	75%	75%	75%	75%	75%
Reference queries (000)	402	375	348	340	340	107	97
Program sessions	1,041	1,639	1,983	1,900	1,900	592	551
Program attendance	67,220	101,533	109,228	109,000	109,000	28,238	30,048
<b>Total library attendance (000)</b>	<b>2,363</b>	<b>2,475</b>	<b>3,375</b>	<b>3,300</b>	<b>3,300</b>	<b>1,080</b>	<b>1,215</b>

The following performance measures are highlighted in the Preliminary Mayor's Management Report for the branches.

	FY 10 Actual	FY 11 Actual	FY 12 Actual	Target FY 13	Target FY 14	4-Month Actual FY 12	4-Month Actual FY 13
Average weekly scheduled hours	47.0	46.6	46.6	46.0	46.0	46.6	46.6
Libraries open six days per week (%)	100%	100%	100%	100%	100%	100%	100%
Circulation	24,085	27,908	28,278	25,500	25,500	9,379	8,748
Reference queries (000)	7,503	7,909	8,844	8,800	8,800	3,049	3,499
Program sessions	42,024	43,270	53,157	53,000	53,000	15,172	17,736
Program attendance	758,685	864,669	1,058,899	1,057,000	1,057,000	303,307	343,488
Total library attendance (000)	15,248	15,063	14,836	14,800	14,800	5,001	5,049

## Brooklyn Public Library System

The Brooklyn Public Library (BPL) consists of 60 branch libraries in the borough of Brooklyn including a Business Library and Central Library. Over the past year, the Brooklyn Public Library has almost doubled its wireless sessions and its library attendance has essentially remained flat.

<i>Dollars in Thousands</i>	2012 Actual	2013 Adopted	2013 Prelim. Plan	2014 Prelim. Plan	*Difference 2013–2014
Brooklyn Public Library (BPL)	\$75,181	\$83,477	\$82,334	\$53,843	(\$29,634)
<b>TOTAL</b>	<b>\$75,181</b>	<b>\$83,477</b>	<b>\$82,334</b>	<b>\$53,843</b>	<b>(\$29,634)</b>

\*Difference refers to the variance between the Fiscal 2013 Adopted Budget and the Fiscal 2014 Preliminary Plan.

Below is the possible impact to the BPL system of the proposed deficit in Fiscal 2014.

- **Budget Reductions.** For Fiscal 2014, there is a reduction of \$4.6 million in Fiscal 2014 and the outyears to the system and does not include \$25 million restored in the Fiscal 2013 Adopted Budget.
- **Impact on Headcount.** The \$29.6 million deficit for Fiscal 2014 could result in major reductions to headcount and service hours for the Brooklyn Public Library System. It is unclear where the specific reductions will be at this time.

## Performance Measures

The following performance measures are highlighted in the Preliminary Mayor's Management Report for BPL.

	FY 10 Actual	FY 11 Actual	FY 12 Actual	Target FY 13	Target FY 14	4-Month Actual FY 12	4-Month Actual FY 13
Average weekly scheduled hours	44.3	35.5	43.5	43.5	43.5	43.5	43.6
Libraries open six days per week (%)	100%	28%	52%	52%	52%	50%	45%
Circulation	19,474	20,280	19,579	21,000	21,000	6,626	6,436
Reference queries (000)	3,380	3,401	3,190	3,500	3,500	1,063	1,098
Program sessions	49,398	43,748	43,355	40,425	40,425	13,527	9,509
Program attendance	924,700	855,713	832,060	788,000	788,000	245,792	180,606
Total library attendance (000)	12,036	12,341	12,024	14,000	14,000	4,008	5,674

## Queens Borough Public Library

The Queens Borough Public Library (QBPL) consists of 63 branch libraries including the Langston Hughes Library and Cultural Center and a Central Library. Currently, the library system has over 700,000 people who attending their programs and nearly 13,000 visitors in the past year.

	2012 Actual	2013 Adopted	2013 Prelim. Plan	2014 Prelim. Plan	*Difference 2013–2014
Queens Borough Public Library (QBPL)	\$75,017	\$82,347	\$81,220	\$52,807	(\$29,540)
<b>TOTAL</b>	<b>\$75,017</b>	<b>\$82,347</b>	<b>\$81,220</b>	<b>\$52,807</b>	<b>(\$29,540)</b>

*\*Difference refers to the variance between the Fiscal 2013 Adopted Budget and the Fiscal 2014 Preliminary Plan.*

Below is the possible impact to the BPL system of the proposed deficit in Fiscal 2014.

- **Budget Reductions.** For Fiscal 2014, there is a reduction of \$4.5 million in Fiscal 2014 and the outyears to the system and does not include \$25 million restored in the Fiscal 2013 Adopted Budget.
- **Impact on Headcount and Service.** The \$29.5 million deficit could potentially result in a loss of positions and a reduction in services. At this point, the specific reductions are not determined.

## Performance Measures

The following performance measures are highlighted in the Preliminary Mayor's Management Report for QBPL.

	FY 10 Actual	FY 11 Actual	FY 12 Actual	Target FY 13	Target FY14	4-Month Actual FY 12	4-Month Actual FY 13
Average weekly scheduled hours	42.7	39.3	39.6	38.9	38.9	39.4	39.9
Libraries open six days per week (%)	76%	38%	32%	32%	32%	32%	31%
Circulation	23,064	20,609	18,632	18,632	18,632	6,562	6,070
Reference queries (000)	3,612	3,177	2,929	2,929	2,929	1,015	1,808
Program sessions	26,592	29,638	37,717	37,800	37,800	11,052	12,136
Program attendance	550,355	598,931	712,849	713,000	713,000	244,765	219,065
Total library attendance (000)	14,127	12,966	12,681	12,681	12,681	4,384	4,212

# Capital Program

## Capital Budget Summary

The Preliminary 2013 Capital Commitment Plan includes \$514 million in Fiscal 2013-2016 for the three public library systems (including City and Non-City funds). This represents about two percent of the City's total \$19 billion Capital Commitment Plan for Fiscal 2013-2016. The systems' Preliminary Commitment Plan for Fiscal Year 2013-2016 is roughly three percent more than the \$500 million scheduled in the September Commitment Plan, an increase of \$13.7 million.

The majority of capital projects span multiple fiscal years, and it is therefore common practice for an agency to roll unspent capital funds into future fiscal years. In Fiscal 2012, the three public library systems committed \$54.6 million or 19 percent of its annual capital plan. Therefore, it is assumed that a portion of the agency's Fiscal 2013 Capital Plan will be rolled into Fiscal 2014, thus increasing the size of the Fiscal 2014-2017 Capital Plan. The total Capital Commitment Plan for Fiscal 2013 has increased from \$17.9 billion in the September Capital Commitment Plan to \$19 billion in the Preliminary Capital Commitment Plan, an increase of \$1.1 billion or 6.2 percent.

### 2013-2016 Commitment Plan: Adopted and Preliminary Budget

*Dollars in Thousands*

	FY13	FY14	FY15	FY16	Total
<b>Adopted</b>					
Total Capital Plan	\$403,037	\$51,420	\$45,550	\$2,045	<b>\$500,007</b>
<b>Preliminary</b>					
Total Capital Plan	\$414,699	\$51,420	\$45,550	\$2,045	<b>\$513,714</b>
<b>Change</b>					
Level	\$11,662	\$0	\$0	\$0	<b>\$13,707</b>
Percentage	2.89%	0.00%	0.00%	0.00%	<b>2.74%</b>

## Capital Program Goals

- ✓ To support service levels by maintaining, improving, and optimizing the operation of library facilities;
- ✓ To phase infrastructure improvements for full ADA compliant access at all sites;
- ✓ To preserve unique and irreplaceable collections through improved environmental systems, security, and fire protection, and increased storage capacity;
- ✓ To improve the management of data through enhancement of computerized records management systems; and
- ✓ To provide remote access to digital collections, expand personal computer stations and offer free internet service at the branch libraries by improving information technology systems.

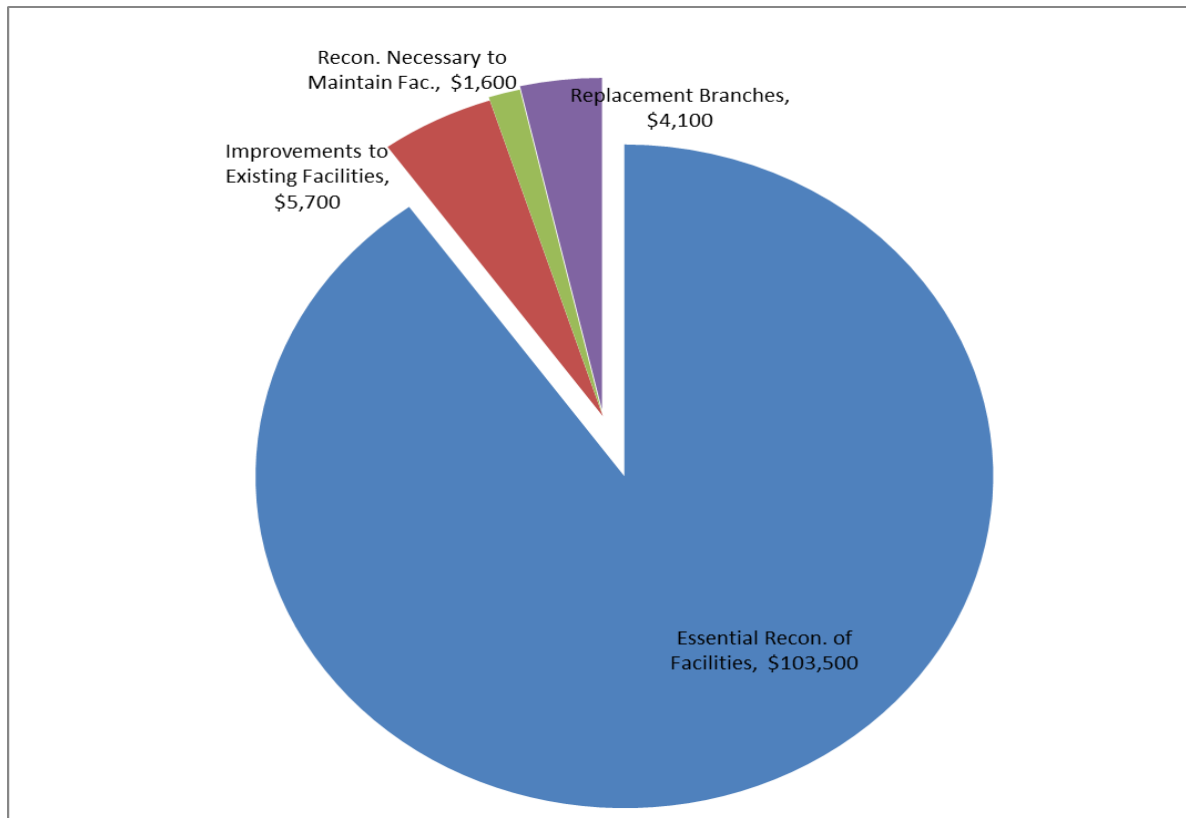
## Preliminary Budget Highlights

Major changes and highlights in the Department's Preliminary Capital Plan for Fiscal 2013-2016 include:

- **New York Public Library.** The Preliminary Budget includes \$81.5 million for NYPL's master plan and renovation and an additional \$4 million for the construction of a replacement Westchester Square Branch in the Bronx.
- **Queens Borough Public Library.** The planned commitments in the Preliminary Plan includes \$3.7 million for the community libraries for renovation and rehabilitation, systems upgrades and cyclical replacement of building components.
- **Brooklyn Public Library.** In the Preliminary Budget, \$6.5 million has been added for the essential reconstruction of facilities, particularly public service enhancements, and ADA compliance.
- **Superstorm Sandy.** There is an additional (combined) \$12.7 million in funding for reconstruction and improvements due to Superstorm Sandy for all three library systems.

## Preliminary Capital Commitment Plan by Ten Year Plan Category

*(All Funds in 000's)*



## Appendix A

### Budget Actions in the November and Preliminary Plans

<i>Dollars in Thousands</i>	FY 2013			FY 2014		
	City	Non-City	Total	City	Non-City	Total
<b>NYPL Research</b>	\$22,311	\$0	\$22,311	\$16,015	\$0	\$16,015
<b>NYPL</b>	111,292	0	111,292	77,643	0	77,643
<b>BPL</b>	83,477	0	83,477	58,150	0	58,150
<b>QBPL</b>	82,347	0	82,347	57,023	0	57,023
<b>Agency Budget as of Adopted 2013 Plan</b>	<b>\$299,427</b>	<b>\$0</b>	<b>\$299,427</b>	<b>\$208,831</b>	<b>\$0</b>	<b>\$208,831</b>
<b>Program to Eliminate the Gap (PEGs)</b>						
NYPL Research	(\$307)	\$0	(\$307)	(\$1,281)	\$0	(\$1,281)
NYPL	(1,526)	0	(1,526)	(6,218)	0	(6,218)
BPL	(1,143)	0	(1,143)	(4,657)	0	(4,657)
QBPL	(1,127)	0	(1,127)	(4,566)	0	(4,566)
<b>Total, PEGs</b>	<b>(\$4,103)</b>	<b>\$0</b>	<b>(\$4,103)</b>	<b>(\$16,722)</b>	<b>\$0</b>	<b>(\$16,722)</b>
<b>Other Adjustments</b>						
NYPL (CEO Funding)	0	0	0	350	0	350
BPL (CEO Funding)	0	0	0	350	0	350
QBPL (CEO Funding)	0	0	0	350	0	350
<b>Total, Other Adjustments</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,050</b>	<b>\$0</b>	<b>\$1,050</b>
<b>NYPL Research</b>	\$22,004	\$0	\$22,004	\$14,734	\$0	\$14,734
<b>NYPL</b>	109,766	0	109,766	71,775	0	71,775
<b>BPL</b>	82,334	0	82,334	53,843	0	53,843
<b>QBPL</b>	81,220	0	81,220	52,807	0	52,807
<b>Agency Budget as of Preliminary 2014 Plan</b>	<b>\$295,324</b>	<b>\$0</b>	<b>\$295,324</b>	<b>\$193,159</b>	<b>\$0</b>	<b>\$193,159</b>