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HEARING ON THE FISCAL YEAR 2014 EXECUTIVE BUDGET FOR THE

THE LIBRARIES

June 3, 2013

EXECUTIVE BUDGET HIGHLIGHTS

- The three library systems combined Fiscal 2014 Executive Budget is \$194.8 million, a decrease of \$104.6 million when compared to the Fiscal 2013 Adopted Budget of \$299 million. The following are the reductions broken out by library system.
 - New York Research Libraries: \$7.3 million
 - New York Public Libraries: \$38.7 million
 - Brooklyn Public Libraries: \$29.4 million
 - Queens Borough Public Libraries: \$29.1 million
- The Fiscal 2014 Libraries Executive Budget includes funding adjustments for health insurance increments, CEO funding and energy, totaling \$1.6 million.
- The approximate \$16.7 million PEG for the three library systems, as well as the \$89.5 million restoration at adoption, was not restored in the Executive Budget for Fiscal 2014. The potential impacts of the Fiscal 2014 Executive Budget deficit are below.
 - The loss of positions across the three systems would be approximately 1,569, of which 1,445 would be layoffs and the other headcount reductions would be incentivized retirement or attrition.
 - Potentially 66 branches would close across the City and the average hours of service per week would drastically drop from 43.7 to 22.2 hours.
 - The Other Than Personal Services spending used for materials and book collections would be reduced by \$8.8 million, jeopardizing the integrity of the systems.
- There is \$528.2 million for the libraries in the Fiscal 2014 Executive Capital Budget, an increase of \$16.5 million as compared to the Fiscal 2014 Preliminary Budget. This increase reflects the funding for various projects being rolled into Fiscal 2014 and in the outyears.

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THE LIBRARIES OVERVIEW

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 209 local library branches throughout the City and four research library centers in Manhattan. This report provides an overview of the City's three public library systems' Fiscal 2014 Budget, a review of the significant initiatives included in the Executive Budget, and a summary of the Libraries Capital Budget for Fiscal 2014-2017. Appendix 1 reports the changes made to the Fiscal 2013 and Fiscal 2014 Budget since adoption of the Fiscal 2013 Budget. For additional information on the Libraries' Budget and its various programs, please refer to the "Libraries Fiscal 2014 Preliminary Budget Report" available at: http://council.nyc.gov/downloads/pdf/budget/2014/035-039_libraries.pdf

FINANCIAL SUMMARY					
<i>Dollars in Thousands (Adjusted for prepayments.)</i>	2012	2013		2014	Difference*
	Actual	Adopted	Exec. Plan	Exec Plan	2013-2014
Research Libraries	\$19,468	\$22,311	\$22,278	\$14,975	(\$7,336)
NYPL	97,640	111,292	111,172	72,591	(38,701)
BPL	75,181	83,477	82,711	53,994	(29,483)
QBPL	75,017	82,347	81,871	53,261	(29,086)
TOTAL	\$267,306	\$299,427	\$298,032	\$194,821	(\$104,606)

*The difference of Fiscal 2013 Adopted compared to Fiscal 2014 Executive Plan funding.

NEW IN THE EXECUTIVE BUDGET

The above chart demonstrates the proposed loss of funding to each system. The Fiscal 2014 Executive Budget reduces the three system's budget by \$104.6 million in Fiscal 2014, a 35 percent reduction, when compared to the Fiscal 2013 Adopted Budget.

New actions in the Executive Budget include adjustments of \$1.6 million due to health insurance increments, CEO funding, and energy adjustments for the three systems. While the adjustments will increase the baseline funding slightly, it does not impact the deficit in operational funding for the systems. The deficit, as highlighted in the Fiscal 2014 Preliminary Budget Report, totals \$106.2 million, which is the combined loss of a \$89.5 million restoration at adoption and the Fiscal 2014 PEG proposal of \$16.7 million. The unprecedented loss of \$106.2 million across the three library systems would be extremely detrimental to programming and services across the five boroughs.

BUDGET HIGHLIGHTS IN LIBRARIES

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. As Aforementioned, in Fiscal 2013, the Council provided \$22 million and the Administration provided \$67.5 million. This \$89.5 million restoration is not included in the Fiscal 2014 Executive Budget. The chart below provides a breakdown of the Fiscal 2013 restoration to each system.

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

THE IMPACT OF THE \$106 MILLION DEFICIT

The loss in funding to the three library systems for Fiscal 2014 would severely cripple the library systems' ability to provide quality services. This reduction would have the following impact:

- **Branch Closings.** The three systems would be forced to close a number of library branches throughout the City. If the reductions are implemented, there would be 66 branch closures in Fiscal 2014. In addition, the hours of service would shift from roughly 43 average hours of service per week to an average of 22 hours of service per week.
- **Headcount Reductions.** Headcount reductions would occur as a consequence of reduced funding. The majority of the proposed headcount reductions would be through layoffs, not attrition. If the \$106 million reduction is implemented, the projected layoff total for all three systems is approximately 1,569 positions.
- **OTPS Spending Reductions.** The Other Than Personal Services spending is often reduced or suspended to absorb mid-year reductions to the libraries. These reductions would continue in Fiscal 2014, jeopardizing the integrity of each system's materials and book collection.

NEW YORK PUBLIC LIBRARY SYSTEM

The New York Public Library (NYPL) 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 5th Avenue and 42nd Street (Humanities and Social Science). Highlighted below is the loss to both the research libraries as well as the NYPL branches.

FINANCIAL SUMMARY					
<i>Dollars in Thousands</i>	2012	2013		2014	Difference* 2013–2014
	Actual	Adopted	Exec. Plan	Exec. Plan	
Research Libraries	\$19,468	\$22,311	\$22,278	\$14,975	(\$7,336)
TOTAL	\$19,468	\$22,311	\$22,278	\$14,975	(\$7,336)
Branch Libraries	\$97,640	\$111,292	\$111,172	\$72,591	(\$38,701)
TOTAL	\$97,640	\$111,292	\$111,172	\$72,591	(\$38,701)

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

Below outlines the impact to the NYPL system as a result of the proposed \$46 million reduction in Fiscal 2014.

- **Impact on Headcount.** There would be a loss of 720 positions with 656 layoffs.
- **Impact on Service.** The average weekly hours of service would be reduced from 46 hours to 24 hours a week. The system would possibly close 14 branches. OTPS spending, including materials and collections, would be reduced by \$6.8 million in Fiscal 2014.

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. Below outlines the impact to the BPL system as a result of the proposed \$29.4 million reduction in Fiscal 2014.

FINANCIAL SUMMARY					
<i>Dollars in Thousands</i>	2012	2013		2014	Difference* 2013–2014
	Actual	Adopted	Exec. Plan	Exec. Plan	
BPL	\$75,181	\$83,477	\$82,711	\$53,994	(\$29,483)
TOTAL	\$75,181	\$83,477	\$82,711	\$53,994	(\$29,483)

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

- **Impact on Headcount.** There would be a loss of 421 positions, with 361 layoffs.
- **Impact on Service.** The average weekly hours of service would be reduced from 43 hours to 21.5 hours a week. The system would possibly close 16 branches. OTPS spending would be reduced by \$2 million in Fiscal 2014.

QUEENS BOROUGH PUBLIC LIBRARY

The Queens Borough Public Library (QBPL) consists of 62 branch libraries, including the Langston Hughes Library and Cultural Center and Central Library. Below outlines the impact to the QBPL system as a result of the proposed \$29 million reduction in Fiscal 2014.

FINANCIAL SUMMARY

<i>Dollars in Thousands</i>	2012	2013		2014	Difference* 2013–2014
	Actual	2013 Adopted	Exec. Plan	Exec. Plan	
QBPL	\$75,017	\$82,347	\$81,871	\$53,261	(\$29,086)
TOTAL	\$75,017	\$82,347	\$81,871	\$53,261	(\$29,086)

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

- **Impact on Headcount.** There would be 428 layoffs.
- **Impact on Service.** The average weekly hours of service would be reduced from 39 hours to 20.6 hours a week. The system would possibly close 36 branches. OTPS spending would remain flat for Fiscal 2014.

CAPITAL PROGRAM

The Fiscal 2014 Executive Capital Commitment Plan includes \$528.2 million in Fiscal 2013-2017 for the three library systems (including City and Non-City funds). This represents roughly one percent of the City's total \$44.5 billion Executive Plan for Fiscal 2013-2017. The combined libraries' Executive Commitment Plan for Fiscal 2013-2017 is 3.2 percent more than the \$511 million scheduled in the Preliminary Commitment Plan, an increase of \$16.5 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: Preliminary and Executive Budget

Dollars in Thousands

	FY13	FY14	FY15	FY16	FY17	Total
Preliminary						
Total Capital Plan	\$414,699	\$51,420	\$45,550	\$2,045	\$2,095	\$511,669
Executive						
Total Capital Plan	\$335,813	\$144,800	\$45,550	\$2,045	\$2,095	\$528,208
Change						
Level	(\$78,886)	\$93,380	\$0	\$0	\$0	\$16,539
Percentage	(19.02%)	181.60%	0.00%	0.00%	0.00%	3.23%

MAJOR CAPITAL PROJECTS & EXECUTIVE BUDGET HIGHLIGHTS

- **New York Public Library.** The Plan 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 include \$3.7 million for the community libraries for renovation and rehabilitation, systems upgrades and cyclical replacement of building components.
- **Brooklyn Public Library.** The Plan includes \$6.5 million for the essential reconstruction of facilities, particularly public service enhancements, and ADA compliance.

APPENDIX 1: BUDGET ACTIONS IN THE NOVEMBER, PRELIMINARY, AND EXECUTIVE PLAN

<i>Dollars in Thousands</i>	FY 2013			FY 2014		
	City	Non-City	Total	City	Non-City	Total
NYPL Research	\$22,311	\$0	\$22,311	\$16,015	\$0	\$16,015
NYPL	111,292	0	111,292	77,643		77,643
BPL	83,477	0	83,477	58,150	0	58,150
QBPL	82,347	0	82,347	57,023		57,023
Agency Budget as of Adopted 2013 Plan	\$299,427	\$0	\$299,427	\$208,831	\$0	\$208,831
Program to Eliminate the Gap (PEGs)						
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)
Total, PEGs	(\$4,103)	\$0	(\$4,103)	(\$16,722)	\$0	(\$16,722)
Other Adjustments						
NYPL- Jan CEO Adjustment	\$0	\$0	\$0	\$350	\$0	\$350
QBPL- Jan CEO Adjustment	0	0	0	350	0	350
BPL- Jan CEO Adjustment	0	0	0	350	0	350
NY Research FY14 health increment	387	0	387	387	0	387
NY Research FY14 heat,light, power	(114)	0	(114)	(146)	0	(146)
NYPL other adjustments	165	0	165	(350)	0	(350)
NYPL FY14 health increment	1,507	0	1,507	1,507	0	1,507
NYPL FY14 heat, light, power	(266)	0	(266)	(341)	0	(341)
QBPL FY14 health increment	836	0	836	836	0	836
QBPL FY14 Heat, Light, Power	(185)	0	(185)	(32)	0	(32)
QBPL FY14 CEO Funding	0	0	0	(350)	0	(350)
BPL FY14 Health Increment	359	0	359	359	0	359
BPL FY14 CEO Funding	0	0	0	(350)	0	(350)
BPL FY14 Member item- IOI	10	0	10	0	0	0
BPL FY14 Heat, Light,Power	7	0	7	142	0	142
Total, Other Adjustments	\$2,707	\$0	\$2,707	\$2,711	\$0	\$2,711
NYPL Research	\$22,277	\$0	\$22,277	\$14,975	\$0	\$14,975
NYPL	111,172	0	111,172	72,590	0	72,590
BPL	82,710	0	82,710	53,994	0	53,994
QBPL	81,871	0	81,871	53,261	0	53,261
Agency Budget as of Executive 2014 Plan	\$298,031	\$0	\$298,031	\$194,820	\$0	\$194,820