

RESPONSES TO PUBLIC COMMENTS REGARDING THE IMCPL 2006 BUDGET

At the July meeting of the Library Board of Trustees Union organizers put forth a number of cost cutting suggestions to help the Board and staff of the Library in meeting the financial challenges facing us.

The Board and leadership of the Library appreciate the proposals and take seriously all suggestions for saving money regardless if the ideas come from the staff, union organizers or the public.

Below we have listed the union suggestions for budget reductions along with actions that the Staff has taken over the past few years to operate more efficiently. We also discuss the implications of some of the suggestions.

Union Proposal Reduce Consulting Services

Our consulting services consist mainly of hiring outside experts in the fields of health insurance, finances, software and other financial/audit issues. Almost invariably, these consultants save the Library money when it purchases expensive and quite complicated service. We could eliminate this expense but the money not saved will greatly exceed the \$205,000 currently in the budget. Consulting Services also includes the funds needed to carry out our next long range plan for the Library.

Since 2003 we have reduced the Consulting Services portion of the budget by 43%.

Union Proposal Reduce Legal Services

Our attorneys keep us on the straight and narrow with respect to open door, public access and personnel statutes. It would be the height of irresponsibility for any public entity, especially one that deals so directly with the public to be without legal advice. With sound legal advice the Library can do a much better job of avoiding costly law suits. This budget item does not include legal matters concerning the Central Transformation. All Central legal expenditures come out of the building fund and are part of what the Library is attempting to recover from those who caused the problems at Central.

Since 2003 we have reduced the Legal Services portion of the budget by 36%.

Union Proposal Reduce Travel (Mileage and Luncheons)

This is the account that is used to reimburse employees at the rate of 41 cents per mile when driving on Library business. Since the Library has no appreciable motor pool, employees are expected to drive their own vehicles while depositing library funds at the bank, going to library meetings or attending to other library business. Every year the federal government sets the mileage rate. Given what has happened to gasoline prices since the rate was last set, we can expect that rate to increase in 2007. With gasoline at nearly \$3 per gallon, it would be especially cruel to eliminate the mileage reimbursement and make staff pay this expense out of their own pockets.

This category of the budget is up nearly 20% from 2003 reflecting the increase in the mileage rate set by the IRS and the overall price of gasoline.

Union Proposal
Reduce Conferences \$83,325

These funds are used to pay for professional education and training that will benefit employees in the performance of their jobs. Even during tough fiscal times, it is important to provide opportunities for employees to improve their skills and continue their professional education requirements for certifications and/or CPE for licensing in their field.

The 2006 budget for Conferences represents a 22% reduction from 2003

Union Proposal
Reduce Public Relations

This account was reduced in the 2006 budget and is scheduled to be reduced again in the 2007 budget. In the past two years this budget item has been reduced by 31%.

Union Proposal
Reduce Auto Insurance

Since the renewal of our auto insurance policies comes up in August, we are currently seeking quotes. We are hopeful that the elimination of one of the bookmobiles will help in reducing these costs. We were able to get better prices last year through increasing our deductibles and other changes in coverage. However, this is a fixed cost and the Library has little control over rate changes in the industry. It is not so very different than your personal auto insurance.

The Library budgeted \$25,000 for auto insurance in 2006 based on the quotes that we finally accepted.

Union Proposal
Reduce Gasoline Expense

The price of gasoline is up nearly 50% from last year. It is true that we should see some savings due to the retirement of one bookmobile. Yet as with auto insurance, we are very much at the mercy of the market.

The union wanted specifically to know why the Library was requesting quotes for a Hybrid SUV.

The Library was recently the recipient of a grant from the Central Indiana Community Foundation for the purchase of three vehicles to serve the emergent literacy program. Staff will be using these vehicles to call on childcare facilities to introduce toddlers to the world of books and learning. The Library specifically requested quotes for SUVs in order to save on gasoline.

Given the situation in global oil producing regions we see no relief in the price of gasoline.

Union Proposal Reduce Contractual Services

This account covers a wide range of services for the Library. Over the past few years the Library has outsourced a number of functions in order to save money and to concentrate on our core competencies of acquiring, maintaining and lending material as well as providing the excellent reference and programming services that our patrons have come to expect

Among the functions that we have outsourced are, cleaning services, pest control, HVAC maintenance, elevator maintenance, postage and copier service, fire alarm and security monitoring services and printing. We have saved hundreds of thousands of dollars with this system of outsourcing. We will continue to vigorously pursue such opportunities that allow us to continue service to our patrons while saving taxpayers' money.

This budget category is up nearly 300% from 2003. This increase reflects the greater reliance on outsourcing of non-library functions. Despite the substantial increase, the net savings from this approach to certain housekeeping functions runs to several hundreds of thousands of dollars per year.

Union Proposal Reduce Temporary Staff

This account was increased in 2006 to accommodate staffing for the seven additional branches that were opened on Sunday and additional staff during the summer. A reduction in this account would require full time staff to work the additional Sundays. The Library has made no secret of its reduction of full time positions. If we were to move to full time positions, the Library would experience a dramatic escalation in health insurance and other costs.

There certainly does not appear to be a diminution of patron satisfaction. Our circulation is up, the door count is up and a recent survey of our patrons that garnered over 5500 responses shows substantial public satisfaction. On a ten point scale our patrons gave us an over all rating of 8.4. With the possible exception of the Indianapolis Fire Department, there is not another public agency in Marion County that would even come close to this level of customer satisfaction.

Union Proposal Use the Reserves to Fund Library Operations

The union has recommended that the Library use a substantial portion of its working reserves to cover projected deficits in the next two years. These reserves exist in order to reassure the bond rating agencies that the Library is solvent and capable of making its bond payments. Without these reserves the Library would have to pay a higher interest rate on its bonds.

But the most important reason that we cannot rely on the reserves to cover deficits is that it is irresponsible and financially imprudent. The Library is suffering from a structural deficit. That is, it is spending more on its operations than it is collecting in revenue. One could take the view of Mr. Micawber in Charles Dickens' *David Copperfield*. Wonderfully portrayed on the screen by W.C. Fields, Mr. Micawber when faced with financial difficulties was ever in the belief that "something would turn up." In the course of the story, Mr. Micawber went bankrupt several times and eventually had to leave the country on borrowed funds. The way of Mr. Micawber is the way of eventual financial collapse.

The Library Board and Staff have known about this situation for a few years and have been working very hard to cut expenses to bring them into greater alignment with income. Using operating reserves to mask the problem is not a cure and only postpones the day of reckoning when the consequences will be even starker because of our lack of early action.

This situation is not unique. Public libraries all over the country have been experiencing the same sort of financial problems. Many public libraries have refused to face facts and have had wholesale layoffs and branch closings as a result. The Board and staff of I/MCPL are trying to approach this funding crises in a rational and responsible manner. The next few years will not be enjoyable but our lot will be much worse if we delay. If we act now we can avoid the major disruptions in library systems that we have seen around the country.