



# PUBLIC LIBRARY FUNDING LANDSCAPE

**A**t the same time that demand for critical services has increased, many state and local libraries are facing growing funding challenges. Unfortunately, the impact of the recession on public libraries is anticipated to deepen. More libraries report declines in fiscal years 2009 and 2010, and anticipate continued reductions in FY2011. Perhaps a glimmer of hope in this otherwise dismal financial picture is that more libraries report level funding across multiple fiscal years, with 25 percent reporting this is the case.

As libraries do more with less, the 2009-2010 *Public Library Funding & Technology Access Study* survey results indicate that some technology-related expenditures (technology staff, outside vendors, hardware/software, and telecommunications) have escaped reductions. However, the downturn has taken a significant toll on library staffing and collections.

Key findings:

- A majority (56.4 percent) of public libraries report flat or decreased operating budgets in FY2010, up from just over 40 percent in FY2009.

- About 62 percent of libraries anticipate flat or decreased operating budgets in FY2011.

- Staff salary/benefits expenditures dropped 43.3 percent in FY2010 from FY2009 and are anticipated to fall another 5.7 percent in FY2011; collection expenditures fell 47.5 percent in FY2010 from FY2009 and another 7.8 percent in FY2011.

- Twenty-four state library agencies reported cuts in state funding for public libraries between FY2009 and FY2010.

This year marks the fourth in which the survey has asked public libraries about their operating budgets and financial support for public access computing services. Detailed survey responses are [available online](#).

### Tax Support Losses Already Noticeable

A majority (56.4 percent) of public libraries report flat or decreased operating budgets in FY2010, up from just over 40 percent in FY2009; and about 62 percent anticipated flat or decreased operating

**FIGURE B-1: PUBLIC LIBRARY SYSTEMS OPERATING BUDGET CHANGE, FY2009-FY2010**

Operating budget	Urban		Suburban		Rural		All	
	2010	2009	2010	2009	2010	2009	2010	2009
Increased up to 6%	28.2%	47.3%	35.0%	51.1%	38.8%	50.6%	37.0%	50.5%
Increased 6% or more	5.2%	10.6%	5.2%	9.0%	7.2%	9.4%	6.7%	9.4%
Decreased less than 6%	24.2%	14.7%	24.2%	13.0%	15.5%	8.9%	17.1%	10.6%
Decreased more than 6%	30.4%	7.4%	17.4%	3.6%	11.0%	3.3%	14.3%	3.7%
Stayed same	11.4%	19.9%	22.7%	23.3%	27.5%	27.8%	25.0%	25.9%

**FIGURE B-2: ANTICIPATED CHANGES TO TOTAL OPERATING BUDGET, CURRENT FY**

	Urban	Suburban	Rural	Overall
Remain unchanged	37.0%	56.0%	55.8%	54.8%
Decrease	43.2%	28.3%	24.0%	26.6%
Increase	8.5%	8.7%	13.3%	11.5%
Don't know	11.4%	7.0%	6.9%	7.2%

budgets in FY2011 (Figure B-1).

The proportion of public libraries reporting growing operating budgets declined in FY2010 from FY2009 for libraries of all metropolitan status.

About 5 percent fewer urban libraries report operating budget increases of 6 percent or more in FY2010 from FY2009, while 19 percent fewer reported increases in the less-than-6 percent ranges. Eight percent more urban libraries reported decreased operating budgets in the less-than-6 percent ranges. More than 54 percent reported decreased operating budgets, with the highest increase in the greater-than-6 percent range (30.4 percent compared with 7.4 percent last year). Further, about 11.4 percent more report flat operating budgets in FY2010 from FY2009.

The net effect of these changes is a sizeable drop in urban library operating budgets overall, with few even keeping pace with inflation (the Consumer Price Index rose 2.6 percent in 2009).<sup>1</sup> Urban libraries spend more than suburban and rural libraries, so even modest declines mean far larger actual reductions. In fact, they report the greatest dollar losses in expenditures, with an average decline of 29.5 percent, or about \$5 million in each library's operating budget in FY2010, and additional average reductions of 5 percent anticipated in FY2011, or more than \$600,000 per library.

Fewer rural libraries report growth in operating budgets, a category that is down 14 percent in FY2010 (46 percent, from 60 percent last year), with a comparable

**FIGURE B-3: AVERAGE PERCENTAGE CHANGE FY 2008 TO 2011 TOTAL OPERATING EXPENDITURES**

	Salaries (including benefits)			Collections			Other Expenditures		
	FY2008-2009	FY2009-2010	FY2010-2011	FY2008-2009	FY2009-2010	FY2010-2011	FY2008-2009	FY2009-2010	FY2010-2011
Local/county	-0.2%	0.3%	-4.9%	-0.5%	-4.6%	-3.6%	-1.0%	15.5%	-4.9%
State*	-5.8%	55.7%	4.5%	3.5%	4.2%	-18.6%	-1.0%	1.9%	10.8%
Federal	30.9%	228.4%	-7.0%	17.1%	-6.6%	-10.1%	14.1%	109.1%	-19.5%
Fees/fines	3.7%	-5.5%	22.1%	3.5%	-1.9%	-1.0%	-4.2%	-23.8%	9.2%
Donations/local fund raising	18.9%	-89.0%	-9.2%	15.9%	-57.5%	-3.3%	7.7%	-65.8%	-15.0%
Government grants	2.4%	-19.5%	-2.4%	-4.9%	-22.2%	-5.1%	-0.9%	18.7%	3.2%
Private foundation grants	43.0%	-92.9%	-0.5%	10.7%	-70.0%	-22.5%	-1.7%	-56.0%	26.1%
Reported average total change, all funding sources	7.3%	-43.2%	-5.7%	3.0%	-47.5%	-7.8%	0.2%	-34.3%	-5.4%

\*State (including state aid to public libraries, or state-supported tax programs)

rise in those reporting decreased operating budgets. The number reporting unchanged budgets is about the same as last year (27.5 percent and 27.7 percent, respectively).

A substantial rise in decreased operating budgets (41.6 percent) is reported by suburban libraries, and 20 percent fewer (40.2 percent in FY2010 compared with 60.1 last year) report increased operating budgets.

While a majority (54.8 percent) of libraries anticipates no changes in the *current* operating budget (FY2010), about 26.6 percent overall anticipate requests for further reductions, making it very difficult to plan beyond staff salaries and known expenses, such as utilities (Figure B-2). More urban libraries (43.2 percent) anticipate operating budget decreases during the current fiscal year, followed by suburban (28.3 percent) and rural libraries

(24 percent). Rural libraries (13.3 percent) are more likely to report anticipated increases in operating budgets during the current fiscal year, followed by suburban (8.7 percent) and urban libraries (8.5 percent). The amount of anticipated operating budget increase or decrease was not asked.

### Operating Expenditure Declines Affect Suburban and Urban Libraries Most

Libraries rely on multiple funding sources to support core services — staff, collections, technology and telecommunications infrastructure, as well as facilities maintenance and utilities. The downward spiraling of the national economy put even more pressure on libraries to juggle resources. Simply put, keeping library services afloat in fiscal years 2009 and 2010 was difficult for public libraries. Changes in operating ex-

penditures in FY2010 from FY2008 were dramatic. Libraries report significant shifts in amounts spent for staffing, collections and other expenses, as well as the sources for those expenditures (Figure B-3). These dramatic changes were driven primarily by declines in urban and suburban library expenditures, whose spending is greater than that by rural libraries (Figure B-7).

Expenditures for staff salaries and “other” expenditures — the category in which much of the technology-related costs occur — shifted in FY2010 from FY2009 away from local/county and soft funding sources (fee/fines, donations, etc.) to federal and state sources. Libraries report increases from FY2009 to FY2010 and anticipate increases from FY2010 to FY2011 for other expenditures likely to come from government grant sources.

Public libraries anticipate addi-

# “I’m really at the point now where none of my choices are painless. Service is going to deteriorate in some way,”

David Gunckel, Director, Sierra Vista (AZ) Public Library

tional reductions continuing into FY2011, with the exception of state funding. Here, libraries anticipated modest increases. However, a November 2009 survey of the Chief Officers of [State Library Agencies](#) (COSLA) indicates a continued downward trend in state funding for public libraries in FY2010, and a recovery does not appear likely.

Changes in spending patterns were even more pronounced when viewed by metropolitan status (see Figures B-10 to B-12). Rural libraries report a steady erosion of expenditures in each category, and were the first to experience significant reductions (57.2 percent) in salary expenditures reported in FY2009 from FY2008. They were joined by suburban libraries in FY2010, which report declines of 81.9 percent; and urban libraries 44.4 percent. The reductions in salary expenditures reported by suburban and urban libraries are most significant because of the amount spent nationally. Anecdotal reports indicate that these declines are from vacancies occurring because of retirements (the [Baby Boomer effect](#) on the library workforce), keeping vacancies unfilled, eliminated positions and, in some cases, salary reductions and forced furloughs.

Other expenditures also were significantly affected, with rural libraries reporting steady reductions since FY2008, and suburban libraries since FY2008 but anticipating some improvement in FY2011. Urban libraries began reporting declines in FY2009. Average percentage changes in expenditures

reported in FY2010 from FY2009 by suburban libraries (51.3 percent, or \$195,395) and urban libraries (29.1 percent or \$283,156) represent a larger proportion of total expenditures by public libraries. These double-digit reductions are noteworthy.

## Technology-Related Expenditures Show Modest Improvement, More Stability than Other Library Expenditures

Although fewer libraries report detail for technology-related expenditures, very modest improvements were evident in FY2010 from FY2009. The percent change from

FY2009 (Figure B-4) appears dramatic, but the actual dollars expended (Figure B-5) were not. For instance, although libraries reported a 6,000+ percent increase in the use of federal funds for salaries, the change in dollars spent was just over \$31,000. Libraries also were asked to report on the stability of technology budgets, and their responses reflect modest improvements in FY2010, but anticipate decreases in FY2011 (Figure B-6). Unlike operating expenditure stability across all categories, libraries appear to be protecting as best they can the technology-related expenditures used to support public access computing.

**FIGURE B-4: AVERAGE PERCENT CHANGE FY 2009 TO 2010 TOTAL TECHNOLOGY-RELATED OPERATING EXPENDITURES**

Sources of Funding	Salaries (including benefits)	Outside Vendors	Hardware/ Software	Telecommunications
Local/county	30.2%	30.3%	-6.0%	-7.4%
State	258.1%	9.5%	71.7%	147.1%
Federal	6045.4%	1088.9%	279.3%	110.5%
Fees/fines	489.4%	-3.9%	305.9%	281.5%
Donations/local fundraising	647.4%	928.0%	62.4%	2350.7%
Government grants (local, state or national level)	1480.6%	1042.7%	27.8%	748.6%
Private foundation grants (e.g. Carnegie, Ford, Gates, etc)	860.4%	869.5%	7.6%	1958.4%
Reported average total	201.9%	230.4%	149.0%	251.2%

**FIGURE B-5: AVERAGE CHANGE IN DOLLARS SPENT FY 2009 TO 2010 TOTAL TECHNOLOGY-RELATED OPERATING EXPENDITURES**

Sources of Funding	Salaries (including benefits)	Outside Vendors	Hardware/ Software	Telecommunications
Local/county	\$30,445	\$7,875	(\$2,411)	(\$1,635)
State	\$33,539	\$960	\$9,199	\$12,523
Federal	\$31,134	\$22,235	\$23,997	\$17,951
Fees/finances	\$3,015	(\$153)	\$4,322	\$3,907
Donations/local fundraising	\$5,451	\$13,466	\$1,804	\$15,632
Government grants	\$10,098	\$8,164	\$1,707	\$11,910
Private foundation grants	\$5,644	\$6,121	\$577	\$17,293
Reported average total	\$119,326	\$58,668	\$39,195	\$77,581

**FIGURE B-6: AVERAGE PERCENTAGE CHANGE FY 2010 TO 2011 EXPECTED TECHNOLOGY BUDGET STABILITY**

Operating Budget	Urban	Suburban	Rural	Overall
Increased up to 2%	-3.7%	3.9%	0.6%	1.4%
Increased 2.1-4%	0.1%	0.7%	1.8%	1.3%
Increased 4.1-6%	1.6%	1.0%	0.3%	0.6%
Increased 6.1-10%	-1.7%	-0.1%	0.2%	0.0%
Increased more than 10%	-1.6%	-2.5%	-1.5%	-1.9%
Decreased up to 2%	-2.0%	-0.2%	-0.1%	-0.3%
Decreased 2.1-4%	0.1%	0.1%	0.0%	0.0%
Decreased 4.1-6%	0.5%	0.2%	0.4%	0.3%
Decreased 6.1-10%	2.0%	-1.1%	-0.1%	-0.4%
Decreased more than 10%	-3.9%	-1.2%	-0.7%	-1.1%
Stayed the same	8.5%	-0.8%	-0.7%	-0.1%

**FIGURE B-7: AVERAGE PERCENT OF OPERATING EXPENDITURES, BY POPULATION SERVED (IMLS FY2007)**

Population	Total Expenditures	Percent
500,000 or more	\$3,202,400,000	31.4%
100,000 - 499,999	\$2,833,748,000	27.8%
25,000 - 99,999	\$2,510,053,000	24.6%
10,000 - 24,999	\$1,020,905,000	10.0%
Less than 10,000	\$638,492,000	6.3%

## More Urban Libraries Rely on E-rate Discounts

More urban libraries (66.9 percent this year, compared with 54.9 percent last year) report applying for E-rate discounts in FY2010 than in FY2009. Overall, roughly the same percentage of libraries applied this year, on their own or with another organization, as last year (53 percent compared with 52.6 last year).

For those receiving E-rate discounts, increases were seen in all discount categories—telecommunications services up 7.8 percent, Internet connectivity up 4.4 percent, and internal connection costs up a modest 0.7 percent overall. The number of urban libraries reporting E-rate discounts for Internet connectivity rose 10.4 percent from the previous survey, and the number of rural libraries receiving E-rate discounts for telecommunications services rose 9.3 percent from the previous year. Suburban libraries report modest increases, about 3.8 percent more for Internet connectivity and 5.2 percent more for telecommunications services.

## State Libraries Report Funding Declines

Reduced funding reported by the Chief Officers of State Library Agencies (COSLA) in a November 2009 survey also affects public libraries. Chief Officers in 45 of 50 states and the District of Columbia (90 percent) responded to the survey.

Twenty-four states reported cuts in state funding for public libraries between FY2009 and FY2010. Of these, nearly half indicated the cuts were greater than 11 percent—almost four times the number that reported this was the case in the previous fiscal year. Further:

- Seven states and the District of

Columbia provide no state funding.

- Eleven states reported there has been no change in state funding between FY2009 and FY2010.

- Three states reported an increase in funding.

For many states, FY2010 cuts exacerbate state funding cuts that were made between FY2008 and FY2009. In January 2009, 41 percent of responding states reported declining state funding for public libraries. Georgia, for instance, experienced state funding reductions greater than 7 percent each year for the past three fiscal years.

Nearly three-quarters of state libraries report their agency budgets have been reduced, further decreasing their ability to support public libraries. Impacts include smaller staffs to provide consultation and continuing education; reduced state expenditures for library collections, subscriptions, databases, and new or replacement equipment; and the elimination of reciprocal borrowing. These findings are consistent with a separate survey conducted by COSLA, which found that 77 percent (31 of 40 respondents) of state library agencies experienced a budget cut in the current fiscal year.

The South Carolina State Library's budget, for instance, has been reduced 37 percent since FY2008. State aid to public libraries has been reduced from \$2.25 per capita in FY08 to \$1.32 in FY2010. The reduction to state aid in FY2010 was offset by (one-time) American Recovery and Reinvestment Act (ARRA) funds in the amount of \$0.42 per capita. State library agency staff positions are down 23 percent. "With staff numbers decreasing, programs may have to be curtailed or eliminated," according to South Carolina State Library staff.

About half of respondents (23

**FIGURE B-8: AVERAGE PERCENTAGE OF PUBLIC LIBRARIES THAT APPLIED FOR AN E-RATE DISCOUNT FY 2010**

Applied	59.5%	28.9%	39.8%	37.3%
Another organization applied on the library's behalf	7.4%	19.4%	14.4%	15.7%
Did not apply	30.9%	46.9%	41.8%	42.9%
Did not know	2.2%	4.7%	3.9%	4.1%

**FIGURE B-9: AVERAGE PERCENTAGE OF PUBLIC LIBRARIES RECEIVING E-RATE DISCOUNT FY 2010**

E-Rate Categories	Urban	Suburban	Rural	Overall
Internet Connectivity	70.0%	49.8%	55.4%	54.8%
Telecommunications services	93.6%	83.5%	82.8%	83.8%
Internal connections cost	18.9%	9.4%	8.4%	9.5%

states) have local maintenance of effort requirements for public library certification or state aid funding; about 36 percent of these (eight states) reported an increase in local libraries seeking waivers from this requirement because they were unable to sustain local funding levels in the past year. Connecticut and Rhode Island state legislatures made temporary changes in the requirement to make it easier for libraries to meet minimum funding levels to receive state support.

Finally, 13 states reported they were aware of public library closures due to budgetary reasons in the previous 12 months.

## Conclusion

As libraries do more with even less, the FY2011 forecast is not promising. Not only have libraries reported steady declines in operating revenue but, in some cases, they

anticipate double-digit declines for FY2011. Libraries will be treading carefully in these difficult times, navigating the economic recovery as best they can while continuing to support increased patron demand for services.

"I'm really at the point now where none of my choices are painless. Service is going to deteriorate in some way," said Sierra Vista (AZ) Public Library Director David Gunckel. With a hiring freeze in place, the library already has lost 70 staff hours per week compared with one year ago, and Gunckel expects longer lines, reduced operating hours, fewer new materials, and delaying computer replacements beyond five years if anticipated cuts take effect. ■

## ENDNOTES

1 Bureau of Labor Statistics. U.S. Department of Labor. *Consumer Price Index – January 2010*. <http://www.bls.gov/news.release/pdf/cpi.pdf> (last accessed March 11, 2010).

**FIGURE B-10: AVERAGE PERCENTAGE CHANGE FY 2008 TO 2011 RURAL TOTAL OPERATING EXPENDITURES**

	<i>Salaries (including benefits)</i>			<i>Collections</i>			<i>Other Expenditures</i>		
	FY2008-2009	FY2009-2010	FY2010-2011	FY2008-2009	FY2009-2010	FY2010-2011	FY2008-2009	FY2009-2010	FY2010-2011
Local/county	-29.2%	14.7%	-7.8%	-35.9%	4.2%	0.3%	-9.5%	2.1%	0.8%
State	-18.8%	33.8%	-6.2%	-0.3%	1.8%	-2.2%	-6.7%	-0.3%	-5.5%
Federal	-42.2%	94.6%	21.5%	-280.8%	83.0%	-2.1%	7.2%	84.2%	-196.0%
Fees/fines	13.3%	28.8%	19.0%	17.3%	19.0%	1.9%	-23.7%	16.3%	11.6%
Donations/local fund raising	15.2%	-10.7%	-16.7%	0.4%	-7.3%	-1.8%	6.0%	-0.7%	0.0%
Government grants	10.1%	20.5%	-6.4%	6.5%	34.1%	-17.0%	-15.7%	41.6%	35.5%
Private foundation grants	4.7%	39.2%	17.8%	14.3%	10.3%	-16.6%	-2.7%	15.3%	45.5%
Reported average total change, all funding sources	-57.2%	3.0%	-7.8%	-17.7%	-83.2%	-1.8%	-8.4%	-59.3%	-1.7%

**FIGURE B-11: AVERAGE PERCENTAGE CHANGE FY 2008 TO 2011 SUBURBAN TOTAL OPERATING EXPENDITURES**

	<i>Salaries (including benefits)</i>			<i>Collections</i>			<i>Other Expenditures</i>		
	FY2008-2009	FY2009-2010	FY2010-2011	FY2008-2009	FY2009-2010	FY2010-2011	FY2008-2009	FY2009-2010	FY2010-2011
Local/county	4.8%	-17.8%	-1.7%	1.0%	-26.7%	5.4%	2.6%	-14.3%	4.5%
State	-4.2%	47.8%	-2.9%	0.7%	44.6%	-89.8%	-13.4%	23.0%	16.0%
Federal	41.8%	64.5%	-150.2%	5.9%	17.0%	13.2%	-7.6%	64.6%	-9.8%
Fees/fines	-4.9%	-20.7%	-10.0%	10.4%	-17.0%	-1.6%	-5.4%	24.0%	-30.6%
Donations/local fund raising	1.4%	30.6%	42.1%	7.5%	13.0%	3.1%	-13.0%	6.3%	2.8%
Government grants	-39.6%	90.1%	24.5%	-3.3%	-35.1%	62.3%	-66.1%	40.7%	49.7%
Private foundation grants	19.1%	-2073.6%	-72.9%	10.9%	-757.7%	2.4%	-28.0%	-50.4%	-10.0%
Reported average total change, all funding sources	7.9%	-81.9%	-2.4%	3.2%	-97.3%	-1.6%	-2.5%	-51.3%	3.7%

**FIGURE B-12: AVERAGE PERCENTAGE CHANGE FY 2008 TO 2011 URBAN TOTAL OPERATING EXPENDITURES**

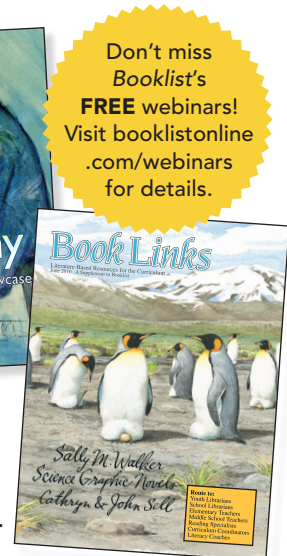
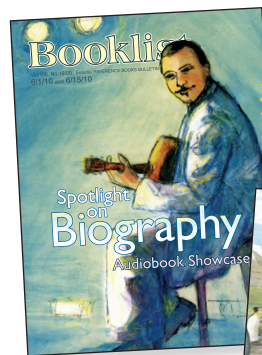
	Salaries (including benefits)			Collections			Other Expenditures		
	FY2008-2009	FY2009-2010	FY2010-2011	FY2008-2009	FY2009-2010	FY2010-2011	FY2008-2009	FY2009-2010	FY2010-2011
Local/county	5.1%	14.0%	-1.7%	7.5%	16.2%	-7.0%	0.1%	33.2%	-9.6%
State	4.4%	32.6%	16.8%	8.3%	-44.4%	5.0%	10.6%	-7.4%	20.0%
Federal	25.6%	54.8%	-73.4%	45.4%	-73.7%	-176.5%	19.8%	37.3%	17.1%
Fees/fines	5.3%	43.4%	16.8%	-4.5%	3.2%	1.8%	-3.7%	-80.2%	20.3%
Donations/local fund raising	14.6%	-1809.2%	72.5%	25.0%	-446.2%	7.3%	11.8%	-399.9%	13.7%
Government grants	-343.8%	63.5%	-11.8%	-356.3%	50.8%	54.1%	21.7%	20.4%	-18.8%
Private foundation grants	33.3%	-1061.4%	0.4%	14.9%	-172.9%	-80.2%	-0.6%	-261.3%	-6.7%
Reported average total change, all funding sources	7.7%	-44.3%	-3.2%	8.8%	-55.8%	-11.3%	4.3%	-29.1%	-9.6%

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