Even as the national economy begins the long, slow climb to recovery, state and local libraries are still facing the fallout of the recession. The economic downturn increased the strain on public libraries at the very time that demand for services is growing. FY2011 proved to be particularly unkind to urban public libraries; suburban and rural libraries reported a slowdown in reductions and improvements to budget stability and growth. Both trends are expected to continue in FY2012.
Survey responses for the 2010–2011 Public Library Funding & Technology Access Study revealed that technology budgets (e.g., computer hardware and software, telecommunications, technology staff, outside vendors) were protected for a second consecutive year, although increased use of technology-related services are exhausting ever-shrinking resources.

Key findings included:
- A majority (59.8 percent) of public libraries reported flat or decreased operating budgets in FY2011, up from 56.4 percent in FY2010, thus continuing the trend that followed an uptick from 40 percent in FY2009. (Figure B-1).
- Almost two-thirds (65 percent) of libraries anticipate flat or decreased operating budgets in FY2012.
- In FY2010 only dropped 8.6 percent in FY2011. Similarly, decreases in FY2010 and 40 percent in FY2009.
- Increases two-thirds (65 percent) of libraries anticipate flat or decreased operating budgets in FY2012.
- Staff salary/benefits expenditures that had plummeted 43.2 percent in FY2010 only dropped 8.6 percent in FY2011. Similarly, decreases in FY2010 and 40 percent in FY2009.
- Nineteen states reported cuts in state funding for public libraries between FY2010 and FY2011. Of these, over half indicated the cuts were greater than 10 percent.

This is the fifth year 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.

Operating Budgets Struggle; Urban Libraries Continue Downward Trend
A majority (59.8 percent) of public libraries reported flat or decreased operating budgets in FY2011, up from 56.4 percent in FY2010, thus continuing the trend that followed an uptick from 40 percent in FY2009. (Figure B-1).

Almost 55 percent of urban libraries reported operating budget decreases in FY2011, compared with 36.2 percent of suburban and 26.9 percent of rural libraries. Furthermore, while 22.6 percent of urban libraries reported decreases of more than 6 percent (after decrease of 7.8 percent last year), this was only the case for 14.2 percent of suburban and 9.6 percent of rural libraries. The continued decrease in funding levels reported by urban libraries adversely affected the national averages for all libraries due to the size of urban libraries’ operating budgets as compared to those of their suburban and rural counterparts.

Far fewer urban libraries (29.4 percent) reported operating budget increases in FY2011 compared with 40.5 percent of suburban and 41.2 percent of rural libraries. In fact, there was very little improvement in any reported increases when compared to last year; increases of more than 6 percent were reported by only 4.2 percent of urban libraries, 5.2 percent of suburban libraries and 5.4 percent of rural libraries.

As fewer libraries reported decreases greater than 6 percent, more libraries reported operating budgets staying the same between FY2011 and FY2010: such was the case for 16.2 percent of urban libraries, 23.2 percent of suburban libraries and 32.0 percent of rural libraries. This could be viewed as good news; however, decreases in FY2010 were severe (Figure B-1) and, with more libraries reporting no change in operating budgets, there is continued stagnation in local economies and a serious erosion of buying power. As year-to-year expenses rise, this is expected to have a significant impact.

An analysis of funding data reported by public libraries revealed that, including all funding sources, operating budgets declined by 3.8 percent from FY2010 to FY2011 (Figure B-2). Despite increases reported by suburban and rural libraries, the delayed recovery of urban library budgets affected the national average for all public libraries.

Each year, libraries are asked if they anticipate any changes to the current operating budget (Figure B-3). Overall, fewer public libraries (5.7 percent) anticipated or had already experienced reductions (20.9 percent) in operating budgets as compared with last year (26.6%)}
percent). Reported decreases in current operating budgets were highest among urban libraries (27.5 percent), although these decreases were considerably lower than those reported last year (43.2 percent). Suburban libraries also reported improvements in anticipated or actual mid-year budget reductions (23.2 percent compared with 28.3 percent last year), as did rural libraries (19.0 percent compared with 24.0 percent last year).

Continued Erosion of Spending Power Anticipated

A significant majority (74.7 percent) of public libraries anticipated stable (39.6 percent) or increased (35.1 percent) operating budgets in the coming fiscal year (Figure B-4). However, libraries expect the FY2012 funding recovery to be slow, which will continue to erode the spending power of thousands of public libraries. While only an estimated 28.3 percent of urban libraries anticipated increases in FY2012, a promising 34.2 percent of suburban and 36.2 percent of rural libraries anticipated increases. A comparable disparity between urban, suburban and rural libraries is evidenced by unchanged operating budgets going into FY2012 as well as little evidence of relief in anticipated decreases:

- Nearly 31 percent of urban, 33.7 percent of suburban and 43.6 percent of rural libraries anticipated operating budgets would remain the same next fiscal year.
- Slightly more than 40 percent of urban, 32.1 percent of suburban and 20.1 percent of rural libraries anticipated that operating budgets would decrease next fiscal year.

Technology Expenditures Suffer

Expenditures on technology are expected to suffer again in FY2012; fewer public libraries (-2.4 percent) anticipate any technology budget increases, 1.8 percent anticipate decreased budgets, and less than one percent (0.7 percent) expected their budgets to remain unchanged (Figure B-5). However, in comparison with the ongoing decreases in general operating budgets, libraries have been somewhat able to protect their technology budgets.

The San Jose Public Library is a case in point: When city funding decreased by 25 percent over two years, the San Jose Public Library responded with cuts in staff and hours, yet continued to support 1,000 public access computers system-wide with 10 FTE for IT. “In spite of cuts, we’ve kept this constant. Technology is at the heart of what a library is about,” said the San Jose Public Library director.

In FY2011, public libraries reported that, overall, about 36.9 percent of total technology-related expenditures were for staff salaries, 19.8 percent for outside vendors, 27.5 percent for hardware/software, and 15.8 percent for telecommunications (Figure B-6). The majority (57.7 percent) of local funds were used for salaries, state funds were primarily used for hardware/software (38.2 percent) and telecommunications (34.5 percent), and federal funds were primarily used for salaries (40.3 percent). Fees/fines and donations/local fundraising were primarily used for hardware/software (36.5 percent and 52.1 percent, respectively). Government grants went primarily
for telecommunications (73.1 percent) and private foundation grants to outside vendors (42.2 percent) and telecommunications (39.1 percent).

These expenditures were covered through a variety of funding sources (Figure B-7):

- For technology staff salaries and benefits, the majority (79.9 percent) of those expenditures were paid from local funding sources and 10.6 percent paid from state sources.
- Outside vendors were paid from local funds (34.7 percent), federal funds (about 32.0 percent), fees/fines (10.4 percent), and state funding sources (9.6 percent).
- For the costs of hardware/software expenditures, libraries used federal funds (41.1 percent), local funds (33.8 percent) and government grants (9.2 percent).
- Telecommunications costs were paid with local funds (34.4 percent), federal funds (20.9 percent), state funds (14.1 percent) and fees/fines (12.2 percent).

The changes during fiscal years 2010 and 2011 in technology-related expenditures depict year-to-year shifts across and among sources of funding by category of expenditure (more detail available in Figures B-19–22 on the Study website). This fluctuation in the data results from the general instability of dedicated funding for technology in a depressed economy and the challenges of linking technology expenditures to a specific funding source.

Libraries have great difficulty isolating technology expenditures made from other than local funding sources. This inability to code expenditures to funding source may also account for a lower response rate to these questions.

As with overall expenditures, urban libraries reported the largest monetary decreases in technology-related expenditures from last year: salaries (-42 percent), outside
American Libraries Magazine

Suburban also reported decreases in FY2010 and FY2011 technology-related expenditures, but far less so than either their urban or rural counterparts: salaries (-37.2 percent), outside vendors (-65.3 percent), hardware/software (-57.6 percent) and telecommunications (-88 percent).

Rural libraries saw the second largest overall decrease in technology-related expenditures, but also had the largest proportional reductions of all metropolitan types in fiscal years 2010 and 2011: salaries (-69.0 percent), outside vendors (-80.3 percent), hardware/software (-74.2 percent) and telecommunications (-81.7 percent).

Expenditures reflect future budget restraints

As if FY2011 wasn’t bad enough, public libraries anticipate that FY2012 will be another year of spending reductions, with a decrease of -12.3 percent compared with the 9.4 percent actual change in average expenditures experienced from FY2010 to FY2011 (Figure B-8).
It is important to note that when averaging for all libraries reporting, the proportional difference in rural libraries reporting (3,423 of 5,369, or 64 percent) compared with urban libraries (426 of 5,369, or 8.0 percent) affects the average of all expenditures reported (see Figures B-9 through B-12).

Operating expenditures, regardless of type, have declined for public libraries each year since FY2009 (Figure B-9). Anticipated expenditure declines in FY2012 were most notable in “other expenditures” (-25.6 percent), the category to which most technology-related expenditures are assigned, followed by collections (-11.1 percent) and salaries (-6.1 percent).

Urban libraries reported decreases in each category for last year (Figure B-10), but anticipate some improvement in FY2012 in all expenditure categories (3.9 percent salaries, 7.4 percent collections) except other expenditures (-4.4 percent).

Suburban libraries generally reported declines in each category each year since FY2009; however, they anticipate a sharper decline in other expenditures next year (FY2012), of about -18.4 percent (Figure B-11). They anticipated reductions in salaries and collection expenditures at less than one percent each next year. The more significant decline in other expenditures may be traceable to public access computer replacement schedules, or simply mirrors ongoing operating budget reductions.

As with urban and suburban public libraries, rural libraries reported annual reductions in operating expenditures in nearly all categories (Figure B-12). For FY2011 and FY2012, anticipated reductions are most notable in collections (-39.2 percent), followed by other expenditures (-7.5 percent) and salaries (-1.1 percent).

Libraries Continue to Depend on E-Rate

In FY2011, 54.4 percent of libraries (Figure B-13) reported applying for an E-rate discount, whether directly (38.1 percent) or as part of another organization’s application (16.3 percent), a slight increase from last year (53.0 percent). As in last year, proportionally more urban libraries applied for E-rate discounts (65.8 percent), followed by rural (56.5 percent), then suburban (48.6 percent) libraries.

Figure B-14 shows the percentage of public library systems receiving E-rate discounts by category. The highest overall percentage of discounts were received in the telecommunications category (83.2 percent), by rural (87.1 percent), suburban (83.1 percent) and rural (82.8 percent) libraries; this is consistent with the findings from last year. The greatest change was in discounts for Internet connectivity received by suburban libraries, which significantly increased to 57.3 percent this year as compared to 49.8 percent last year.

The top three reasons why 42 percent of public library systems did not apply for E-rate discounts remained unchanged from prior years: the E-rate application process is too complicated (39.6 percent); the E-rate discount is low and not worth the time needed to participate (34.2 percent); or the library did not comply with CIPA filtering requirements (31.5 percent).

As with urban and suburban public libraries, rural libraries reported annual reductions in operating expenditures in nearly all categories (Figure B-12). For FY2011 and FY2012, anticipated reductions are most notable in collections (-39.2 percent), followed by other expenditures (-7.5 percent) and salaries (-1.1 percent).

![FIGURE B-8: AVERAGE EXPENDITURE CHANGE BY FUNDING SOURCE, ACTUAL FY2010-2011 AND ANTICIPATED FY2011-2012](image-url)
the low discount amount (38.4 percent) (more detail available on Study website, Figure 50).

Federal Stimulus Grants 
Fund Broadband

This year, for the first time, the survey asked public libraries about applications for the National Telecommunications and Information Administration (NTIA) Broadband Technology Opportunity Program (BTOP) and the Broadband Initiatives Program (BIP). Both programs, which were announced in July 2009, are funded through the American Recovery and Reinvestment Act of 2009 (ARRA).

Forty-five percent of libraries reported applying for these programs, either directly (20.1 percent) or by being included in another entity’s application (24.9 percent). More urban libraries submitted applications...
(56.9 percent), as compared to rural (45.7 percent) and suburban (41.5 percent) libraries (Figure B-15).

Figure B-16 shows the types of BTOP and BIP applications submitted by public libraries. The highest percentage of applications were submitted in the category of public computer center (29.6 percent), followed by sustainable broadband (12.7 percent), State Broadband and Data Development (9.8 percent) and middle mile infrastructure (2.4 percent). Among types, urban libraries submitted the highest percentage of applications to serve as a public computer center (49.6 percent); rural libraries reported the highest percentages in the category of sustainable broadband (13.2 percent); and suburban libraries reported the highest percentages in the category of State Broadband and Data Development (12.9 percent).
The two states that participated in the field report for this year’s Study (p. 88) both received BTOP funds.

**State Libraries Again Report Cuts in Public Library Funds**

The past year brought great challenges to public library support in the form of significant reductions in funding and staffing at many state libraries. However, there were opportunities to improve public access to computers and the Internet in local libraries through state-level federal stimulus funding provided by BTOP and BIP. Findings from a November 2010 survey of Chief Officers of State Library Agencies (COSLA), with 90 percent of states and the District of Columbia participating, depict a trend continued from last year: 19 states (43 percent) reported cuts in state funding for public libraries from FY2010 to FY2011. Of these, over half indicated that the cuts were greater than 10 percent. Southern states continued to be among the hardest hit, with 27 percent of respondents reporting double-digit funding cuts, and 54 percent overall reporting decreased funding (Figure B-17).

The cumulative decline of funding reported by many states since FY2009 is of great concern: Georgia, Kentucky, and South Carolina have all reported decreased funding during each of the past three years. Virginia, whose reductions began earlier in FY2008, has experienced an overall funding decline of greater than 25 percent. California, Illinois, Michigan, Nevada, New Jersey and Pennsylvania also reported significant declines in funding throughout the past three years.

Fourteen states reported no change in state funding from FY2010 to FY2011; seven states (Colorado, Idaho, Maine, South...
Dakota, Vermont, Washington and Wyoming) and the District of Columbia reported they do not provide state aid to public libraries. Three of the four states reporting increased funding offered the following caveats: in two cases, one-time supplemental funding offset state funding cuts; in another case, the increased funding was not enough to make up for reductions in FY2010, resulting in an overall decrease in funding since FY2009. Only North Dakota is notable in the nation for reporting multiple-year increases from FY2008 to FY2010, and a stable budget from FY2010 to FY2011 for an overall three-year budget increase greater than 20 percent.

In anticipation of FY2012, 17 states report they anticipate a decline in state funding for public libraries, 17 states are unable to predict, and 12 states expect funding will remain unchanged.

In addition to cuts in direct funding to public libraries, many state library agencies report a range of reductions to their own budgets that reduce the resources and staff support available to other libraries. Perhaps most significant is the loss in staffing—through cuts, frozen positions and furloughs—that provides consulting and manages training and continuing education opportunities for libraries. “We have a tremendous amount of vacancies that directly serve our public libraries, and we cannot fill these positions,” said one state librarian, who has lost about 28 percent of her staff. Another state librarian reports, “We have had major budget reductions and have to reduce staff, travel and training costs. We are not able to get around the state to visit libraries and are offering fewer continuing education programs.” Other impacts include reductions in materials budgets, summer reading program support and coordination of literacy services.

Anticipated local funding reflects a similar dismal story. Slightly more states (19 compared with 17) reported that local funding for public libraries will likely decline for a majority of public libraries during FY2011 as compared to last year. Only four states reported that local funding will likely improve for a majority of their public libraries. Eight states reported no anticipated change for a majority of their public libraries. Other states (15) reported that they either didn’t know the status of local funding or that no clear majority of libraries in any funding category (increase, decrease or no change) could be discerned.

This year’s COSLA questionnaire asked about the number of libraries that had closed as a result of funding cuts. More states (17 as compared with 13 last year) reported being aware of public library closures in their states within the past 12 months. Most states reported that fewer than two library outlets had closed, although Pennsylvania and

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<th>5-10%</th>
<th>Greater than 10%</th>
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<th>No Change</th>
<th>1-2%</th>
<th>3-4%</th>
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Note: One state had not yet started FY2011, so did not respond to this section of survey
New Jersey reported between five and 10 libraries had closed in the previous year due to budget cuts. In response to a new question, 78 percent (36 out of 46 states) reported that public library hours had been reduced for financial reasons. This finding is similarly reflected in data collected in this year’s survey of public libraries (detail available on Study website, Figure 2).

In the 2007-2008 Study, 11 percent of states reported they had no role in supporting high-speed Internet access. Not so this year. Today, the most common role state libraries play (96 percent) is as an advocate for the need to improve high-speed and broadband access for public libraries (Figure B-18). Forty-two states (91 percent) indicated that they provide E-rate technical assistance and application support for federal funding for high-speed Internet access. An even greater change from 2007-2008 Study is the direct support that state libraries today provide to public libraries for broadband planning. Twenty-seven states (59 percent, as compared to 13 percent in the 2007-2008 Study) reported that they provide consulting assistance or training to public libraries to assist them in broadband planning, deployment, administration and/or assessment. On a related note, 32 states (70 percent) reported that the state library is represented on broadband mapping and planning advisory committees, or is assisting with library data collection to support broadband mapping and planning.

Thirty-six states (78 percent) reported that they applied (solely or in partnership with others) for BTOP or BIP funding. The vast majority of states applied for BTOP Public Computer Center funding (89 percent), followed by BIP/BTOP Infrastructure (25 percent) and BTOP Sustainable Broadband Adoption (25 percent) funding. Of those that applied, twenty-seven states (75 percent) reported that they were successful in securing funding. In seven states (26 percent), all public libraries in the state will benefit from the funding secured.

Conclusion
Libraries are doing the best they can within the limits of a slower than expected economic recovery. However, the impact of the multi-year budget decline is clear: budgets have been trimmed to the bone and library services and staff are stretched as far as possible.

Despite financial constraints, libraries expressed their determination to maintain and advance public technology services. Following two sobering budget cycles with cumulative operational budget reductions of 24 percent, the San Diego County Library’s technology budget was cut 33 percent, which included the loss of a significant number of public access computers. “The greatest challenge is the fiscal challenge that, with diminished resources and in this economic environment, more people need the services,” said Library Director José Aponte. “We hated cutting back computers, as it is fundamental to our mission and purpose. We had to repurpose an enormous number of computers from the staff side to the public side. The focus here has been on the public service access first, and that has been at some cost to the staff and their ability to operate the library.”