

Public Library Funding Landscape: 2008–2009

This is the third year the *Public Library Funding & Technology Access Study* (PLFTAS) asked public libraries about overall funding and financial support for public access computing services. In addition to operating budget and expenditure reporting by funding source and type of expenditure, libraries were asked this year to qualify their ability to report detailed financial data and to identify from which sources they currently receive or expect to receive funding in the future. Libraries also were asked the extent to which operating budgets and technology expenditures changed over several fiscal years. Finally, libraries were asked to report whether they received any “on behalf of” support from other entities (services paid directly by another government office or entity *for* the library), such as local governments or regional networks. Knowing this helps interpret what had seemed, in previous year’s surveys, rather low reporting on technology-related expenditure detail, since libraries may not incur any expenses in those specific categories. All of this combined data provides the study team with more accurate financial data to identify continuing and emerging budget and expenditure patterns in U.S. public libraries.

The study continues to rely on finance stratification established by the national public library data collection, currently with the Institute of Museum and Library Services (IMLS). This includes fiscal year reporting period, source of funding and type of expenditure. Using these finance characteristics makes it possible to compare and contrast the PLFTAS data with national fiscal year data, even though the PLFTAS data are two fiscal years ahead of the IMLS data set.

EXECUTIVE SUMMARY

Overall, libraries’ ability to report detailed annual financial data is improving. The number of libraries responding to the detailed financial questions has increased modestly each year of the survey. Also showing steady improvement is the number of libraries reporting anticipated funding for the upcoming fiscal year. The improved response rates make it possible to observe library financial trends and interpret changes in other areas of the survey, specifically technology capacity (e.g., number of computers and replacement/upgrading) and barriers to service improvement.

Key findings that emerged from an analysis of this year’s reported financial data and comparisons with data reported in prior study years include:

- The volatility of operating budgets between FY2008 and FY2009 is still problematic for many libraries. Most noticeably, downward shifts occurred in libraries previously reporting increases in the 2.1 percent-to-4 percent and 6-or-more percent ranges. When the data are viewed by poverty ranges, the rise in high poverty libraries reporting decreases in operating budgets in FY2009 is significant. It will be important to continue monitoring the cumulative impact of modest downward shifts in the proportion of libraries reporting increases combined with the modest upward shifts in the proportion of libraries reporting flat or declining operating budgets.

• *The rise in high poverty libraries reporting decreases in operating budgets in FY2009 is significant.*

- “On behalf of” support by local government agencies and networks and cooperatives helps libraries with technology-related expenditures. Urban libraries report the highest level of local government support for any technology expenditure by almost two-to-one compared with that reported by suburban and rural libraries. Urban libraries benefited from hardware/software support from local government departments 2.5 times more than rural libraries and nearly twice as much as suburban libraries. When considering “on behalf of” support by poverty levels, libraries in high poverty communities benefited somewhat more than their counterparts in low or medium poverty areas regardless of the external funding source (e.g., local, county, etc.).
- The volatility in operating revenue support for technology-related expenditures continues. Many libraries that experienced increases in FY2009 anticipate sharp declines in technology funding in FY2010. Urban libraries reported the most significant loss in large technology budget increases, followed by libraries in medium and low poverty communities.

Given the state of the economy at all levels of government, however, it is not surprising to see more libraries reporting steady funding and expenditures, as well as overall declines in current and anticipated operating budgets. In fact, it was a pleasant surprise to see libraries report operating budget increases in line with or greater than annual inflation rates—about 44 percent of libraries for FY2008 and 38 percent of libraries for FY2009.

Volatility of Operating Budgets between FY2008 and FY2009 Challenges Many Libraries

This year’s survey asked libraries to indicate the extent to which FY2008 and FY2009 operating budgets remained the same, increased or decreased and in what percentages. Figure B1 presents the estimated ranges of change (as a percentage) between those fiscal years.

It is important to consider the cumulative impact of modest downward shifts in the proportion of libraries reporting increases combined with the modest upward shifts in the proportion of libraries reporting flat or declining operating budgets between FY2008 and FY2009. Most noticeably, downward shifts occurred in libraries previously reporting increases in the 2.1-to-4 percent and 6-or-more percent ranges.

What we learned in FY2009 is that only about 38 percent of libraries are keeping up with inflation, a decline from about 44 percent in FY2008. This type of comparison also is complicated by having fewer dollars available, not just smaller annual increases as a percent of total operating budgets. The proportion of library operating budgets that come from tax support—local/county, state or federal—is diminished because

Figure B1. Average Percentage Change FY2008 to FY2009 Public Library Systems Operating Budget, by Metropolitan Status and Poverty

Operating Budget	Metropolitan Status			Poverty Level			Overall
	Urban	Suburban	Rural	Low	Medium	High	
Increased up to 2%	-1.50%	-1.40%	-2.30%	-2.00%	-1.50%	-4.30%	-2.00%
Increased 2.1–4%	-4.00%	-4.10%	-1.40%	-2.30%	-4.40%	4.20%	-2.40%
Increased 4.1–6%	0.60%	-1.30%	0.30%	-0.50%	2.60%	0.40%	-0.10%
Increased more than 6%	-7.70%	-3.50%	-2.50%	-3.00%	-4.10%	-15.80%	-3.10%
Decreased up to 2%	1.70%	0.60%	0.80%	0.50%	3.20%	7.00%	0.90%
Decreased 2.1–4%	1.80%	3.10%	0.90%	1.80%	1.30%	--	1.70%
Decreased 4.1–6%	2.20%	1.00%	0.70%	0.80%	1.10%	3.60%	0.80%
Decreased more than 6%	2.30%	1.00%	1.30%	1.00%	3.00%	--	1.30%
Stayed the same	4.50%	4.50%	2.10%	3.50%	-1.00%	0.70%	3.00%

Key: -- No data to report

there are fewer dollars from those sources to distribute to libraries. Ohio public libraries, which receive 2.22 percent of state general revenue, is such an example. Library funding improves or declines commensurate with the total amount of state funding available to fulfill such a formula model.

The study team was able to determine how well libraries' operating budgets aligned with the budget levels anticipated between FY2008 and FY2009 by comparing the percent change estimates (presented in Figures B1 and B2) with the detailed average percentage change in operating budget by source of funding and type of expenditure (presented in Figures B3).

Figure B3 outlines change from FY2008 to FY2009 by funding source and expenditure type. Local/county funding remained level, for the most part. Increased use of funds was reported for federal and soft funding sources. Although the extent of decline in local/county and state funding sources was not as great as libraries anticipated, libraries still relied very heavily on soft sources (fees/fines, donations, etc.) to compensate. Because local/county revenue typically makes up between 50 and 80 percent of a library's

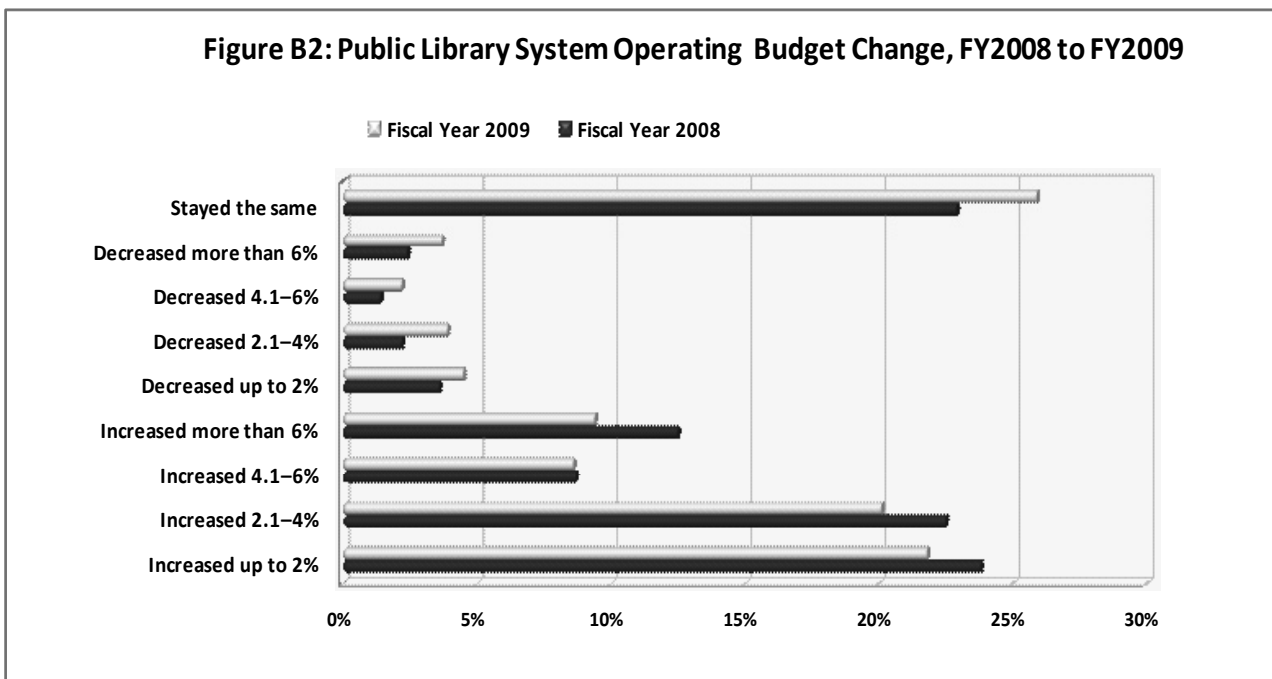


Figure B3: Average Percentage Change FY2008 to FY2009 Public Library Total Operating Expenditures, by Type and Funding Source

<i>Sources of Funding</i>	<i>Salaries (including benefits)</i>	<i>Collections</i>	<i>Other Expenditures</i>
Local/county	-0.21%	-0.50%	-1.00%
State (including state aid to public libraries, or state-supported tax programs)	-5.83%	3.54%	-1.04%
Federal	30.87%	17.15%	14.12%
Fees/fines	3.68%	3.46%	-4.17%
Donations/local fundraising	18.88%	15.94%	7.68%
Government grants (local, state or national level)	2.45%	-4.86%	-0.93%
Private foundation grants (e.g., Carnegie, Ford, Gates, etc.)	43.02%	10.68%	-1.74%
Reported average total percentage change	2.24%	-1.46%	-4.62%

Figure B4: Average Percentage Change FY2008 Actual to FY2009 Actual or Anticipated Low Poverty Public Library Systems Average Total Operating Expenditures, by Type and Funding Source

<i>Sources of Funding</i>	<i>Salaries (including benefits)</i>	<i>Collections</i>	<i>Other Expenditures</i>
Local/county	-2.92%	-2.56%	-8.43%
State (including state aid to public libraries, or state-supported tax programs)	-9.65%	1.86%	0.97%
Federal	11.44%	25.87%	4.42%
Fees/fines	-2.82%	7.60%	32.90%
Donations/local fundraising	12.32%	12.88%	5.17%
Government grants (local, state or national level)	-5.14%	-8.79%	-11.68%
Private foundation grants (e.g., Carnegie, Ford, Gates, etc.)	20.10%	10.65%	13.97%
Reported average total change	2.08%	2.13%	-2.19%

Figure B5: Average Percentage Change FY2008 Actual to FY2009 Actual or Anticipated Medium Poverty Public Library Systems Average Total Operating Expenditures, by Type and Funding Source

<i>Sources of Funding</i>	<i>Salaries (including benefits)</i>	<i>Collections</i>	<i>Other Expenditures</i>
Local/county	3.32%	-4.57%	-16.18%
State (including state aid to public libraries, or state-supported tax programs)	50.12%	14.77%	44.53%
Federal	-254.36%	-274.89%	-65.97%
Fees/fines	-218.79%	28.69%	-7.42%
Donations/local fundraising	-340.57%	-86.30%	-181.99%
Government grants (local, state or national level)	-2069.12%	-361.68%	-188.40%
Private foundation grants (e.g., Carnegie, Ford, Gates, etc.)	-5435.51%	-1505.60%	-883.76%
Reported average total change	-37.09%	-27.91%	-32.00%

operating budget, losing even small percentages of those funds requires significant increased reliance on other funding sources to close the gap. Libraries reported declines in local/county funding in each expenditure category, with other expenditures the most heavily affected. It is in the “other” expenditures category that the bulk of technology expenditures occur. The decline in local/county support for salaries (including benefits) should be watched, especially considering the upturn in benefits costs.

Overall, more was spent on salaries, but not enough to meet inflation (3.8 percent in 2008). Less was spent on collections and other expenditures, an area of the operating budget where a majority of library technology-related expenditures appear. Libraries report they spent about 4.6 percent less in FY2009 on other expenditures as compared with prior year spending.

Reviewing the estimated percentage change in operating expenditures between FY2008 and FY2009 (Figure B1) reported this year compared with expenditure change detailed by poverty (Figures B4–B6) reveal the following:

- ▶ Libraries that had reported prior year increases (e.g., close to annual inflation rates) have fallen off sharply in FY2009.
- ▶ Urban and high poverty libraries that indicated increases in the previous fiscal year (FY2007) saw those gains disappear between FY2008 and FY2009.

Figure B6: Average Percentage Change FY2008 Actual to FY2009 Actual or Anticipated High Poverty Public Library Systems Average Total Operating Expenditures, by Type and Funding Source

<i>Sources of Funding</i>	<i>Salaries (including benefits)</i>	<i>Collections</i>	<i>Other Expenditures</i>
Local/county	21.93%	-17.77%	-15.84%
State (including state aid to public libraries, or state-supported tax programs)	29.04%	8.11%	13.24%
Federal	72.93%	-5931.03%	29.92%
Fees/fines	1.65%	-20.27%	5.04%
Donations/local fundraising	-556.20%	16.20%	47.39%
Government grants (local, state or national level)	-11.29%	17.49%	-10.24%
Private foundation grants (e.g., Carnegie, Ford, Gates, etc.)	12.83%	32.99%	52.36%
Reported average total change	18.64%	-375.01%	-9.28%

Figure B7: Average Percentage Change Fiscal Years 2007–2009 Operating Expenditures, by Type and Funding Source

<i>Sources of Funding</i>	<i>Salaries (including benefits)</i>	<i>Collections</i>	<i>Other Expenditures</i>
Local/county	7.2%	-13.6%	9.4%
State (including state aid to public libraries, or state-supported tax programs)	-3.4%	9.2%	-5.0%
Federal	459.4%	293.0%	165.8%
Fees/fines	56.7%	7.8%	-0.6%
Donations/local fundraising	270.5%	56.1%	93.8%
Government grants (local, state or national level)	303.5%	73.5%	89.6%
Private foundation grants (e.g., Carnegie, Ford, Gates, etc.)	3,726.2%	779.6%	173.0%

- Greater use of federal funding and private foundation grants to pay for staff indicates further erosion of local/county funding to pay for essential library services.

Figures B4 to B6 further detail change by level of poverty.

When considering public library operating expenditures by poverty level (low, medium, high), changes between FY2008 and FY2009 exposed the following (Figures B4–B6):

- Libraries in medium poverty communities saw the most dramatic shifts in expenditures by source of funds. Although explained somewhat by fewer libraries in this poverty category, the significance of changes in the thousands of percentage points is still important to note.
- Use of government grants declined for libraries in all poverty groups and for all expenditures (except high poverty libraries expenditures for collections).
- Reliance on private foundation grants declined sharply for medium poverty libraries, and grew for low and high poverty libraries, especially in the other expenditures category.

Comparing operating expenditures from FY2007¹ to FY2009 reveals even more interesting expenditure patterns (Figure B7). Local/county funding directed toward salaries and other expenditures increased in

1. *Libraries Connect Communities: Public Library Funding & Technology Access Study 2007–2008*. Chicago: American Library Association. Figure C36.

alignment with inflation rates for this period. However, local/county funding for collections declined by nearly twice the inflation rate. This shift in local funding away from collections was highlighted in last year’s report, and is demonstrated even more clearly in this three-year comparison.

Also important to observe is the dramatic shifting within federal and soft funding sources. Private foundation grants saw the largest increase as a funding source for all operating expenditures between FY2007 and FY2009 (the reported average increase exceeding \$350,000), followed by donations/local fundraising. Salaries were, by far, the most impacted of any expenditure category. It will be interesting to see if the temporary impact of private foundation grants and donations eventually will be transferred to more sustainable local/county and state tax-based funding sources.

Federal funding distortions result from a few factors, among them the small proportion of overall funding from federal sources for library operating expenditures, and libraries report difficulty in isolating federal funding as a source of operating expenditures. Combined, this may explain the higher percentage changes year to year than other tax-based funding.

Local Government Agencies and Library Networks and Cooperatives Strong in Providing “on Behalf of” Support for Technology-Related Expenditures

Although the research team understood anecdotally how libraries paid for technology, previous surveys did not capture the extent to which library technology-related expenditures were supported by outside entities “on behalf of” the library during a given fiscal year. Support could be none, some or all of a library’s technology-related expenditure. For the purposes of this survey “on behalf of” support included services paid directly by another government office or entity for the library (e.g., IT technicians, equipment purchases, etc.). Technology expenditures include staff salaries, any outside vendors providing IT services or support, hardware/software and telecommunications costs (Figure B8). A slight majority (54.6 percent) of libraries reported paying all of these expenses, while just over 37 percent reported paying for some. Very few libraries, just over 8 percent, did not pay for their technology.

For libraries reporting that some or all of the technology expenditures were paid on their behalf, urban libraries reported the highest level of local government support for any technology expenditure by almost two-to-one compared with the level reported by suburban and rural libraries. Urban libraries benefited from hardware/software support from local government departments 2.5 times more than did rural libraries and nearly twice as much as suburban libraries. Rural libraries fared only slightly better than their urban and suburban counterparts with state government support for telecommunications (about 18.8 percent compared with 17.5 percent for urban and 15.1 percent for suburban libraries).

Figure B8: Public Library System Receipt of “on Behalf of” Financial Support for Technology Expenditures, by Metropolitan Status and Poverty

Financial Support	Metropolitan Status			Poverty Level			Overall
	Urban	Suburban	Rural	Low	Medium	High	
The library pays directly for ALL of its technology costs	56.4% (n=318)	53.3% (n=1,368)	55.1% (n=2,832)	54.8% (n=4,058)	52.3% (n=425)	59.3% (n=35)	54.6% (n=4,518)
The library pays directly for SOME of its technology costs	38.1% (n=215)	38.3% (n=983)	36.5% (n=1,876)	37.5% (n=2,775)	34.6% (n=281)	32.2% (n=19)	37.2% (n=3,075)
The library does not pay directly for any of its technology costs	5.5% (n=31)	8.5% (n=217)	8.5% (n=435)	7.7% (n=573)	13.1% (n=106)	8.5% (n=5)	8.3% (n=684)

Weighted missing values, n=802

Libraries reported the least “on behalf of” support for outside vendor agreements supporting technology, thereby needing to absorb those costs within the library operating budget. When considering “on behalf of” support by poverty levels, libraries in high poverty communities benefited somewhat more than their counterparts in low or medium poverty areas regardless of the external funding source (e.g., local, county, etc.).

Suburban libraries reported the highest level of “on behalf of” support from regional library networks, cooperatives and consortia.

Where provided, this “on behalf of” support for technology-related expenditures provided by local government agencies and networks and cooperatives helps to mitigate impacts of shrinking library budgets.

Volatility in Technology-Related Expenditures Continues

Despite the “on behalf of” support from other units of government and library networks, cooperatives and consortia, public libraries continue to report instability in how technology-related expenditures are made. The number of libraries that experienced increases in FY2009 expect to see sharp declines in technology funding in FY2010 (Figure B9). This could be linked with the national economic downturn, since all funding sources relied upon by libraries are affected—local/county, state, federal and philanthropic sources, such as donations and grants.

Given the more significant decreases in operating budgets reported by libraries between FY2008 and FY2009, declines in technology expenditures seem modest by comparison. Very few libraries reported significant change between these fiscal years, with the largest overall loss occurring in libraries reporting increases greater than 6 percent. Urban libraries saw the most significant loss in large technology budget decreases, followed by libraries in high and medium poverty communities. To contextualize this, consider the empty cells in Figure C10 detailing workstation replacement and addition schedules. The insufficient data reported by libraries for FY2009 may be explained by the timing of the survey—many libraries already in FY2009 were unsure of the impact of the current economy on library budgets, especially technology expenditures. Having insufficient data on the quantity of new computer purchases impacts the FY2009 fiscal data reported by libraries. Libraries could more easily estimate increases, decreases and level funding for FY2010 technology expenditures since these figures are derived from planned operating budgets.

Figure B9: Percentage Change FY2009 and FY2010 Public Library Systems Technology Budget Volatility, by Metropolitan Status and Poverty

Operating Budget	Metropolitan Status			Poverty Level			Overall
	Urban	Suburban	Rural	Low	Medium	High	
Increased up to 2%	1.30%	1.80%	2.40%	2.00%	2.60%	6.10%	2.20%
Increased 2.1–4%	2.70%	1.60%	1.50%	2.90%	1.10%	-4.80%	1.60%
Increased 4.1–6%	3.40%	0.90%	0.70%	1.20%	-1.60%	8.60%	1.00%
Increased more than 6%	-10.10%	-4.20%	-4.20%	-4.60%	-5.60%	-7.70%	-4.60%
Decreased up to 2%	-1.70%	-2.20%	-1.00%	-1.20%	-2.80%	--	-1.40%
Decreased 2.1–4%	--	--	--	--	--	--	--
Decreased 4.1–6%	0.30%	--	--	--	--	--	--
Decreased more than 6%	-1.60%	-2.30%	-1.60%	-1.80%	-2.00%	-2.80%	-1.90%
Stayed the same	3.00%	1.90%	1.20%	1.00%	6.40%	4.80%	1.60%

Key: -- No data to report

Figure B10: FY2009 Operating Budget and Technology Expenditure Matrix Compared to FY2008

<i>2009 Technology Expenditures</i>	<i>Decrease Up to 2%</i>	<i>Decrease 2.1–4%</i>	<i>Decrease 4.1–6%</i>	<i>Decrease 6+%</i>	<i>SAME</i>	<i>Increase up to 2%</i>	<i>Increase 2.1–4%</i>	<i>Increase 4.1–6%</i>	<i>Increase 6+%</i>	<i>Total</i>
Decrease up to 2%	10.43%	5.84%	6.17%	4.44%	1.28%	1.64%	1.24%	1.29%	0.29%	2.04%
Decrease 2.1–4%	2.45%	12.41%	4.94%	2.22%	0.74%	0.63%	0.69%	0.32%	0.29%	1.30%
Decrease 4.1–6%	0.61%	1.46%	13.58%	1.48%	0.32%	0.13%	0.69%	1.29%	0.59%	0.87%
Decrease 6+%	2.45%	9.49%	9.88%	28.15%	2.02%	2.15%	3.44%	4.21%	2.93%	4.02%
SAME	41.10%	29.93%	27.16%	28.89%	61.28%	40.58%	32.09%	28.80%	31.38%	40.56%
Increase up to 2%	17.18%	12.41%	11.11%	9.63%	13.83%	31.23%	17.08%	17.15%	11.73%	18.14%
Increase 2.1–4%	6.13%	6.57%	6.17%	1.48%	4.15%	6.83%	21.63%	11.33%	8.21%	9.21%
Increase 4.1–6%	1.84%	2.92%	4.94%	2.22%	2.66%	2.28%	5.23%	14.56%	9.38%	4.63%
Increase 6+%	5.52%	10.95%	3.70%	9.63%	4.79%	6.57%	10.06%	12.30%	30.50%	9.50%

**Note: Matrix created from raw, not weighted, survey data*

It also is important to recognize that libraries are trying to sustain technology while grappling with a decline in funding for “other expenditures” of about 4.6 percent (Figure B3). It is from this expenditure category that technology is typically paid. Figure B10 presents a matrix comparing operating budget changes to technology expenditure changes from FY2008 to FY2009.

Ideally, one would expect to see the estimated rates of change for both operating budgets and expenditures to align. However, Figure B10 shows that this is not always the case. Cells with bold numbers indicate where changes in library technology expenditures and changes in operating budgets were in alignment. As shown in italicized bold numbers, the greatest percentage of libraries—regardless of operating budget increases or declines—reported technology expenditures were unchanged in FY2009 compared with FY2008. The rise in level funding for both overall operating budgets and for technology-related expenditures is problematic as it presumes those expenses remain flat, which they do not. Salaries and outside vendor and telecommunications costs are the most likely to increase, while hardware/software costs may remain level or possibly decline (e.g., unit cost of hardware may decrease year to year). This figure also presents positive findings in that libraries that experienced decreases in their operating budgets were able to maintain or increase expenditures for technology (e.g., 10.4 percent of libraries reported a 2 percent decrease in their FY2009 operating budget but the majority maintained or increased technology expenditures by up to 2 percent).

Figure B11: Percentage Change FY2008 to FY2009 Public Library Systems Average Total Technology-Related Operating Expenditures, by Type and Funding Source

<i>Sources of Funding</i>	<i>Salaries (including benefits)</i>	<i>Outside Vendors</i>	<i>Hardware/ Software</i>	<i>Telecommunications</i>
Local/county	22.11%	-12.77%	11.78%	21.04%
State (including state aid to public libraries, or state-supported tax programs)	24.84%	44.56%	37.49%	62.07%
Federal	50.68%	55.14%	92.31%	50.72%
Fees/fines	-13.47%	82.90%	-30.79%	59.65%
Donations/local fundraising	22.33%	-32.39%	46.02%	0.15%
Grants (all)	70.03%	74.65%	66.89%	86.74%

Libraries reported growth in use of most funding sources to pay for technology-related expenditures, but grant funding sources saw the greatest increase (Figure B11). In 2008–2009, libraries reported government and private foundation grants separately, and in order to compare change with the 2007–2008 survey all grants were merged into a single cell. Refer to Figures C61 to C67 for detail on government and private foundation grant support of technology.

Changes in technology-related expenditures FY2007 through FY2009 include:

- Increased support from local/county funding sources occurred between FY2008–FY2009. Salary support was up about 22 percent compared with the decline experienced between FY2007 and FY2008 of -13.7 percent. Support also increased for hardware/software (up about 11.8 percent) and telecommunications (up about 21 percent).
- State funds for salaries, outside vendors and hardware/software continue to increase. State support of outside vendors grew at about the same amount each year since FY2007, 44.5 percent.
- Federal funds for outside vendors grew dramatically between FY2007–FY2008 and saw about a 55.1 percent increase between FY2008–FY2009. Use of federal funds for technology salaries nearly doubled since FY2007, from about 26.4 percent to about 55.7 percent in FY2009.
- Donations/local fundraising for technology-related expenditures increased for salaries and hardware/software. In FY2009, these expenditures saw declines in use of these funding sources, countering reliance on their use from previous fiscal years.
- Use of grants of all kinds (government and private foundation) increased for all technology-related expenditures, and especially for telecommunications (up 86.7 percent in FY2009 and up more than 100 percent from FY2007–FY2008, where declines in the use of grants was noted).
- FY2009 support for hardware/software did not depict the triple-digit increases experienced between FY2007–FY2008; instead, declines (about -30.8 percent) in the use of fees/fines were noted.