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April 29, 2014

The Honorable Eric A. Ulrich
New York City Council
250 Broadway, Suite 1555
New York, NY 10007

Dear Council Member Ulrich:

This letter is in response to your request that the Independent Budget Office (IBO) investigate the potential savings associated with consolidating the city's three library systems into one entity. While estimating all of the potential savings from consolidation would require knowing much more about the internal organization and operation of the three systems than can be determined from available sources, IBO has assembled spending information for each of the three library systems.

The library systems are not city agencies and therefore the city's financial system and reports provide very little information other than the amount of the city subsidy payment to each of the systems. In order to examine the libraries spending and staffing in greater detail we have used as an alternative the Internal Revenue Service Tax Form 990—Return of Organization Exempt from Income Tax—for fiscal year 2012 (the library systems' fiscal years align with the city's). The tax returns are released to the public with a lag, so this is the most recent year for which this information is available. The attached charts summarize the information obtained from the tax returns.

As you will note in the first chart, the New York Public Library, which serves Manhattan, Staten Island, and the Bronx, and also includes the research libraries, is by far the largest of the three systems, with total expenditures of \$273.8 million as compared with \$102.8 million for the Brooklyn Public Library and \$102.1 million for the Queens Borough Public Library. The Queens Library Foundation, the fundraising arm of the Queens Library, spent an additional \$2.8 million. The New York Public Library also has the largest staff, with 3,118 employees compared with 2,040 for Queens and 1,519 for Brooklyn. The larger size of the New York Public Library could give it greater control of a consolidated library system.

Potential budget savings from merging the three library systems could result from consolidating executive positions and perhaps greater efficiency when purchasing goods and services. The

second chart lists the most highly compensated titles at each library system and their corresponding salaries. Not surprisingly, each of the three organizations includes several similar job titles such as President and CEO, Chief Financial Officer, Chief Information or Technology Officer, and Director of Human Resources.

Identifying savings from eliminating duplicative positions as part of a library consolidation would need to be based on more detailed analysis of these management functions than can be obtained from the tax returns and other financial reports. As a result, we are unable to offer a specific estimate of the savings that could ensue from combining the three library systems into one. Beyond budgetary considerations, merging the library systems would also require significant institutional and legal adjustments among the three separate entities. We have not looked into the feasibility of, and impediments to, implementing such a restructuring.

If you have further questions regarding this request, please do not hesitate to contact me at 212-442-0225 or IBO's libraries analyst, Lauren Biscone, at 212-341-6084.

Sincerely,

A handwritten signature in black ink, appearing to read "Ronnie Lowenstein", with a stylized, cursive script.

Ronnie Lowenstein

NYC LIBRARY SYSTEMS COMPARISON OF FUNCTIONAL EXPENSES

City Fiscal Year 2012 (7-1-11 to 6-30-12)				
	Brooklyn Public Library	New York Public Library	Queens Borough Public Library	Queens Library Foundation
Salaries	52,755,009	109,361,622	53,135,751	748,145
Employee Benefits	21,643,784	49,478,085	22,004,588	58,152
Payroll Taxes	4,817,623	7,828,397	3,958,874	57,994
Total Salaries and Related Expenses	\$ 79,216,416	\$ 166,668,104	\$ 79,099,213	\$ 864,291
Number of Employees	1,519	3,118	2,040	-
Average Salary per Employee	\$ 34,730	\$ 35,074	\$ 26,047	N/A
Grants and Other Assistance to Individuals	-	1,225,000	-	-
Legal Services	142,405	457,949	97,277	-
Accounting Services	85,500	484,735	77,000	12,000
Lobbying	69,000	-	125,568	-
Professional Fundraising	-	588,863	-	-
Investment Management Fees	76,687	7,107,668	66,049	45,789
Other Fees for Services	2,237,803	8,447,258	-	-
Advertising and Promotion	195,116	2,349,314	142,777	19,356
Office Expenses	4,065,823	6,838,949	4,033,948	111,956
Information Technology	-	3,312,832	2,015,700	133,669
Occupancy	2,326,137	18,288,862	1,188,397	-
Travel, Conferences, Conventions and Meetings	143,827	1,072,788	307,350	43,183
Interest	-	3,082,047	14,483	-
Depreciation, Depletion and Amortization	1,487,415	23,073,812	3,998,613	87,779
Insurance	508,095	1,750,599	457,115	-
Other Itemized Expenses*	11,884,049	27,291,666	10,200,470	1,483,643
All Other Expenses	366,899	1,712,503	240,549	11,848
Total Expenses	\$ 102,805,172	\$ 273,752,949	\$ 102,064,509	\$ 2,813,514
Salaries as a Percent of Total Expenses	77.05%	60.88%	77.50%	30.72%
City Subsidies to Each System in FY 2012	\$ 83,736,086	\$ 132,761,701	\$ 82,552,975	

*Other Itemized Expenses (Line 24) includes items such as: books, library material, supplies, staff development, repairs and maintenance, contractual services, equipment, programs and unrelated business incorporated tax.

Note: The New York Public Library includes the Research Libraries.

Sources: 2011 Internal Revenue Service Form 990 for BPL, NYPL, QBPL and QLF. The 2011 tax form corresponds with city fiscal year 2012.

HIGHEST COMPENSATED EMPLOYEES

Brooklyn Public Library		New York Public Library		Queens Borough Public Library	
Title	Salary	Title	Salary	Title	Salary
President and CEO	\$ 289,630	Chief Investment Officer	\$ 440,866	President and CEO	\$ 373,210
Executive VP, Business Admin / CFO	\$ 199,917	President and CEO	\$ 380,164	Executive Agency Counsel	\$ 199,985
VP, Human Resources	\$ 175,560	COO, CFO and Treasurer	\$ 326,620	Chief Human Resources Officer	\$ 184,783
VP, Information Technology	\$ 147,862	Director of Schomburg Center	\$ 272,338	Chief Information Officer	\$ 179,506
				Director Capital and Facilities Management	\$ 158,086
VP, Finance and CIO	\$ 141,983	VP for Human Resources	\$ 264,163		
VP, Capital Plan and Facilities Management	\$ 140,892	VP for Communications and Marketing	\$ 251,839	Director Risk Management	\$ 150,514
		Director for Education, Programs and Exhibitions	\$ 239,103	Executive Director Development	\$ 149,997
Director of Neighborhood Services	\$ 138,700	Acting General Counsel and Secretary	\$ 238,923	Director, Investigating	\$ 142,381
Chief Librarian	\$ 132,135	VP for Development	\$ 231,473	Director of Public Library	\$ 137,784
		Andrew W Mellon Director	\$ 223,999	Director of Community Library Service	\$ 134,606
		Director for the Cullman Center	\$ 219,336	Senior Project Manager	\$ 128,849
		VP for Strategic Planning	\$ 208,957	Labor/Employee Relations	\$ 125,008
		VP for Public Service	\$ 206,739	Chief Operating Officer	\$ 120,405
		Director of Talent Management	\$ 206,662	Chief Financial Officer	\$ 69,962
		Brooke Russell Astor Director	\$ 205,687		
		VP for Finance and Asst Treasurer	\$ 202,154		
		VP Capital Plan and Construction	\$ 201,084		
		Chief Technology Officer	\$ 198,371		
		VP Facilities Ops and Securities	\$ 187,165		
		VP for Government and Community Affairs	\$ 164,075		
Total	\$1,366,679	Total	\$4,869,718	Total	\$2,255,076

Notes: This chart reflects the highest compensated employees in each organization at the time the IRS form was filed, which was City Fiscal Year 2012. The salaries listed are the individuals' reported compensation from the organization as found on their W-2 forms.

Sources: 2011 Internal Revenue Service Form 990 for BPL, NYPL, AND QBPL.