



Library Funding: Subsidies Rebound, Disparities Remain

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SUMMARY

FROM 2000 THROUGH 2007, the inflation-adjusted value of the city's subsidy to the three public library systems—Brooklyn, New York, and Queens—fell by 8.4 percent. With the increase included in the recently approved city budget, the subsidy has now been restored to the 2000 level, after accounting for inflation. But in an examination of the subsidy, IBO has found that, by one key measure, there are disparities in the allocation of the subsidy among the three library systems.

The three systems together operate 208 branch libraries across the city. (We have not included the New York Research Libraries in this analysis since it does not have branches.) The city provides the largest portion of the library systems' funding, roughly 85 percent in fiscal year 2006. The largest expense for the libraries is staffing, which comprised nearly 80 percent of their budgets in 2006. During the period when the city's subsidy declined, library staffing was reduced and as a result the number of days and hours branch libraries were open also fell.

The individual library systems each receive a different share of the operating subsidy. In 2007 the New York Public Library, which serves Manhattan, Staten Island and the Bronx, received \$106.6 million, or roughly 40 percent of the total. The other two library systems split the remaining share fairly evenly, \$78.9 million for Brooklyn and \$76.9 million for Queens. Among IBO's findings about these allocations:

- The distribution of city funds among the three public library systems generally reflects the share of the city's population served by each of the systems.
- The share of the city funding received by each of the three library systems is not closely aligned to their usage levels.
- Average city funding per library visit was considerably lower in Queens than for the other library systems. In 2006 Queens received \$5.09 per visit by library patrons—roughly two-thirds the funding per visit received by Brooklyn and New York.

Queens Public Library branches had 14.5 million visits in 2006, more users as measured by "gate count" than the other libraries. The comparatively heavier usage and the lower subsidy per user in Queens suggest that a closer look may be in order to see whether resources are sufficient to meet the needs of library visitors during periods of peak demand.

INTRODUCTION

One of the highlights of the just-approved budget for fiscal year 2008 is an increase in city funding for public libraries. The Mayor, spurred by the City Council, agreed to provide \$42.7 million in additional funding above what the Mayor had originally proposed, which is expected to enable all of the public library branches in the city to once again be open six days a week.

Each of the three public library systems that provide branch service—the Brooklyn Public Library (BPL), New York Public Library (NYPL), and Queens Public Library (QPL)—are independent entities with their own boards of directors and are not city agencies. The three library systems together operate 208 local library branches throughout the city: the NYPL with 85 branches in the Bronx, Manhattan and Staten Island; BPL with 60; and QPL with 63. The libraries offer a variety of free services. These range from access to books, periodicals, and videos; to Internet access; to educational, cultural, and recreational programs, particularly during after-school hours. In addition to the three branch systems, the city also supports the New York Research Libraries, which include the main building at 42nd Street and Fifth Avenue, and various specialized research collections. This report focuses on the three branch library systems and excludes the research libraries.

While the three systems are not technically part of city government, the lion's share of their funding comes from the city. IBO reviewed trends in the city's subsidy for the libraries and how that subsidy is allocated among the library systems.

FUNDING TRENDS AND SHARES

The library systems receive funding from a number of public and private revenue sources.¹ The majority of the funding for the libraries' operating budgets comes from New York City, which gives each system an annual subsidy. In fiscal year 2006, the city funded approximately 85 percent of total spending by the three systems combined. Non-city revenue for the library systems includes state and federal grants that account for approximately 8 percent of funds and private donations and other revenue that make up approximately 7 percent. These funding shares vary somewhat from year to year and also differ for each system.

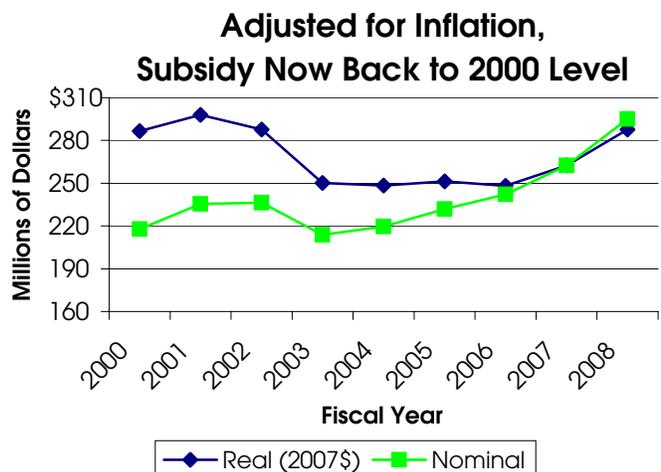
Trends in the Subsidy. The city's subsidy for the combined library systems, adjusted for prepayments, has fluctuated over the past eight

years.² In nominal terms, the total subsidy rose from \$217.9 million in 2000 to \$262.4 million in 2007 and will rise further to \$295.0 million in 2008 under the recently approved budget for the current fiscal year. Although the trend was up, there was considerable variation within the period. Due to fiscal constraints, the city's library subsidy declined sharply in 2003, falling by nearly 10 percent from its 2002 level, to \$213.7 million. During the next two years the city increased the subsidy significantly but did not fully overcome the 2003 decline until 2006.

Although the city increased its nominal funding to the library systems over the past eight years, these increases did not keep pace with inflation. Measured in constant 2007 dollars, the city subsidy to the libraries in 2000 was \$286.5 million. In 2007, the inflation-adjusted subsidy was still 8.4 percent lower at \$262.4 million. Thanks to a 9.7 percent increase in inflation-adjusted dollars for the 2008 budget, the subsidy is now essentially even with the 2000 level.

The decline in real funding through 2007 helps to explain why, despite the increase in nominal funding over the past eight years, the number of hours library branches are open declined. It is expected that the budget increase for 2008 will allow all three systems to return to six day per week service, although it is not clear at the moment how much the number of hours of service per week will increase.

Shares of the Subsidy. Each year the total subsidy is adjusted, taking into account the city's overall fiscal priorities as well as the needs of the libraries. The individual library systems each receive a different share of the operating subsidy from the city. Historically, each system's portion of the total subsidy has been adjusted by an equal percentage—but differences in the effects of collective bargaining agreements and energy costs among



SOURCES: IBO; New York City Comptroller Comprehensive Annual Financial Report.
NOTE: Real dollar amounts adjusted using State and Local Government Product Deflator for New York State.

Personnel Costs Dominate Library Spending: 2006 Expenditure Breakdown

	NYPL	BPL	QPL	Total
Salaries and Fringe	79.3%	76.8%	77.3%	78.0%
Rent	3.5	2.2	1.4	2.5
Books/Materials	4.5	7.4	9.3	6.8
Contractual Services	4.0	6.9	2.4	4.4
Heat, Light, Power	5.4	3.4	3.5	4.2
Other	3.2	3.4	6.1	4.1
TOTAL	100.0%	100.0%	100.0%	100.0%

SOURCES: IBO; Mayor's Office of Management and Budget.
 NOTE: City funded spending columns may not add to 100% due to rounding.

the three systems along with the addition of new branches have resulted in some variation in each system's share of the city subsidy over the years.

The Queens system received the smallest amount of city funds in 2007, \$76.9 million, followed by Brooklyn, \$78.9 million. Queens and Brooklyn accounted for 29.3 and 30.1 percent of the total city subsidy, respectively. The NYPL, which serves three boroughs, received the largest share of city funds at \$106.6 million, 40.6 percent of the total. These shares barely change in the 2008 adopted budget.

WHAT THE SUBSIDY BUYS

The libraries' largest expenditure is for staffing. Salary and fringe benefits accounted for 78.0 percent of city-funded spending in 2006 for the combined three library systems. This was followed by books and materials which made up 6.8 percent of combined spending.

The ability to deliver library service depends heavily on being able to staff branch libraries. When funding declines, staffing generally declines. As a result, library hours also decline.

Because personnel costs constitute the largest expenditure in the library budgets, they are often the target of the largest budget cuts. In response to the fiscal pressures brought on by declines in both nominal and real funding after 2001, the libraries reduced spending on personnel. From 2000 to 2006, as real spending on staffing decreased by 5.5 percent, from \$211.8 million to \$200.2 million, there was an overall decline of 7.8 percent in personnel for all three systems, from 4,208 to 3,878 full-time equivalent positions. This decline in staff has eroded the level of service the libraries have been able to offer.

Hours and Days of Service. A basic benchmark for measuring service delivery for the libraries is the number of operating

hours—the longer the branch's operating hours, the more time patrons have to take advantage of the services. In turn, staffing is the single most important determinant of the number of operating hours; the systems essentially determine the number of staff positions they can afford and project the resulting hours of service for the fiscal year. When staffing is cut, either as a result of budget cuts or when inflation erodes the value of the subsidy, the systems have few alternatives other than reducing the hours of operation.

The strong correlation between the declines in city subsidies, staffing, and branch operating hours can be seen over the past few years. From 2000 through 2006, the city's library subsidy fell by 13.3 percent in real terms and staffing declined by 8.0 percent. Over the same period, average branch operating hours fell by 4.7 percent, from 40.7 hours to 38.8 hours a week. This suggests that the decrease in real funding and by extension, the corresponding decline in staffing, has led to the reduction in hours of operation.

A second benchmark for service delivery is the percentage of library branches that are open six days a week. In 2000, virtually all library branches in the city (over 99 percent), were open six days per week. In 2004, when the level of real city funding reached its lowest point during the seven-year period, the number of libraries open six days a week dropped to 25 percent overall, with Brooklyn averaging a high of 37 percent of branches open six days a week and New York with the lowest average at 18 percent. Real funding rose in 2006, and the percentage of libraries open six days a week averaged 53.4 percent for the three systems combined, with a high of 100 percent for Brooklyn to a low of 30 percent for Queens. It is expected that with the increase in the subsidy for 2008, all three systems will once again be able to provide six-day service in all branches.

SUBSIDY TRENDS OVER THE LONGER TERM

There has been substantial long-term growth in the city's library subsidy over time. In real dollars, the total subsidy has grown from \$128.8 million in 1980 to \$262.4 million in 2007—an increase of almost 104 percent. Based on the just-adopted budget, the subsidy will rise 123.5 percent from 1980 to 2008. A number of factors contributed to this long-term increase. First, our initial year (1980) was still early in the city's recovery from the 1970s fiscal crises when spending on library services had been cut back substantially, with branches generally open only four days a week and some open even less often.³ As service was rebuilt, the growth in staffing levels added personnel expenses as did collective bargaining settlements. There was also a modest

increase in the number of library branches over the period, with the NYPL adding seven branches and Queens adding two.

Per Capita Subsidies. In addition to looking at trends in the total subsidy, one can measure fiscal support to the libraries by looking at per capita funding. IBO used two different measures of per capita funding: the residential population served by each of the systems from 1980 through 2006, and the total number of visits to the branch libraries, which is only available from 2000 on.⁴ In real terms, library funding per resident has increased since 1980, while funding per visit declined from 2000 through 2006.

From 1980 through 2006, there was a net increase of 16.1 percent in the number of people residing in New York City. Over the same period, the city’s library subsidy rose 92.8 percent in inflation-adjusted dollars. With the subsidy rising more rapidly than population, real city funding per resident increased 66.0 percent, from \$18.21 in 1980 to \$30.22 in 2006.

Although there was a substantial increase in real funding per resident since 1980, in recent years the trend has temporarily reversed. During the six-year period from 2000 through 2006, New York City’s population rose by 2.5 percent. Over the same period, the city’s inflation-adjusted library subsidy fell 13.3 percent, from \$286.5 million to \$248.3 million. The increase in population combined with the decrease in the real city subsidy resulted in a 15.5 percent decline in real funding per resident over the six years.

The second per capita measure is city funding per visit—the city subsidy in a given year measured in real terms, divided by the total number of visits to the library branches in that year. This measure declined 10.8 percent from 2000 through 2006,

from \$7.49 per visitor to \$6.69 per visitor, as real city funding declined 13.3 percent and branch visits declined by 2.9 percent, from 38.2 million visits in 2000 to 37.1 million in 2006.

FUNDING DISPARITIES AMONG THE LIBRARY SYSTEMS

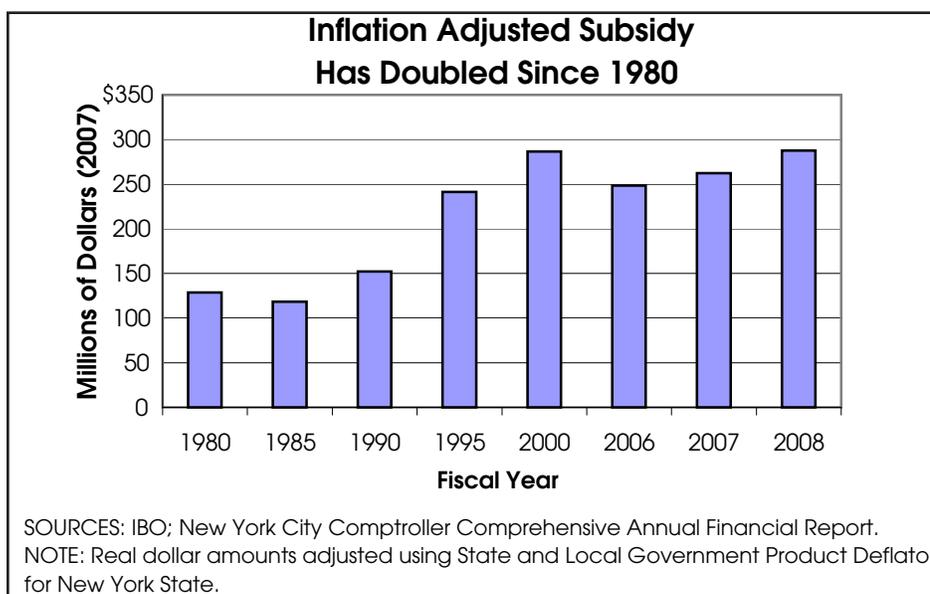
IBO found differences in per capita city funding among the library systems using both of our measures. A comparison of per capita funding suggests that the distribution of city subsidies in 2006 was generally aligned with the distribution of residential population across the three systems. In contrast, the share of city funding received by each of the three systems in 2006 was not closely related to its level of usage. Libraries in Queens are used more heavily than in the New York or Brooklyn systems and show the greatest difference between their share of visitors and their share of city funding.

Funding Per Resident. The distribution of city funds in 2006 generally reflected the distribution of residential populations across the three library systems. In 2006, the difference between population and funding shares was fairly modest. The share of the subsidy received by the Queens library was 2.2 percentage points greater than its population share, while New York’s subsidy share was 2.2 percentage points lower. Brooklyn’s share of the city subsidy was just equal to its share of the population.

Looking back to 1980, differences between each system’s share of city population and its share of city library funding were somewhat larger. For example, Brooklyn was home to 31.5 percent of the city’s population in 1980, but received 28.0 percent of the city’s library subsidy in that year—a difference of 3.5 percentage points. In recent years these disparities have

generally narrowed, bringing the city subsidy allocation closer in line with the population shares served by each library system.

Because city funding has become somewhat more consistent with population share, one might conclude that city policy has changed to take population into account when determining the percentage of funding each system receives. But according both to the library systems and the Mayor’s Office of Management and Budget, the share of the city subsidy received by each of the library systems is still largely determined by historical allocations, rather than by the share of the



population served by each system. According to the Mayor's budget office, the shifts in funding allocation evident over time are largely due to city funding increases for employee wages and health insurance and other fringe benefits, which can vary from system to system depending upon the mix of job titles. The amount each system receives to subsidize energy costs also varies due to a number of factors. The location of the handful of new branches has also slightly altered the shares going to each system.

Funding per User. Per capita funding disparities between the systems are more pronounced when viewed in terms of usage. The share of city funding received by each of the three library systems is not closely aligned to their usage levels. These disparities can potentially cause differences in service, with the branches and programs of some systems overburdened in comparison to others.

The Queens system has the greatest disparity between its share of funding and usage levels. Using gate count as a measure of library system usage, libraries in Queens are used more heavily than either the New York or Brooklyn systems and received the lowest city funding per user. In 2006, Queens had the most visits to its branches, with approximately 14.5 million, followed by New York with 12.4 million, and Brooklyn with 10.2 million visits. City subsidies for the three systems did not reflect this ranking. New York had the highest level of funding with approximately \$98.9 million and Queens the lowest, with \$73.6 million, in inflation adjusted dollars. As a result, average city funding per library visit was considerably lower for Queens than for the other library systems. In 2006, the Queens Public Library received \$5.09 in city funding per visit compared with \$7.95 per visit and \$7.42 per visit, respectively, for the New York and Brooklyn Public Libraries.

Differences in real per visit funding for the three library systems have narrowed over the seven-year period between 2000 and 2006. Two of the three systems saw their real subsidy per visit fall from 2000: Brooklyn with the steepest decline of 23.3 percent followed by New York with 16.5 percent. Although Queens had the lowest funding per visit throughout the period, it has risen

Subsidy and Population Shares								
Subsidy Share	1980	1985	1990	1995	2000	2005	2006	Percentage
								Point Change
New York	43.5%	43.4%	41.1%	42.0%	40.9%	40.9%	39.8%	-3.6
Brooklyn	28.0	28.1	28.6	29.6	30.3	30.3	30.5	2.5
Queens	28.5	28.6	30.3	28.4	28.8	28.8	29.7	1.1
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
Population Share	1980	1985	1990	1995	2000	2005	2006	
New York	41.7%	41.5%	41.9%	41.7%	41.4%	41.9%	42.0%	0.3
Brooklyn	31.5	31.7	31.4	31.1	30.8	30.5	30.5	-1.0
Queens	26.7	26.8	26.6	27.2	27.8	27.5	27.5	0.7
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
SOURCES: IBO; New York City Comptroller Comprehensive Annual Financial Report; U.S. Census.								
NOTE: Columns may not add to 100% due to rounding.								

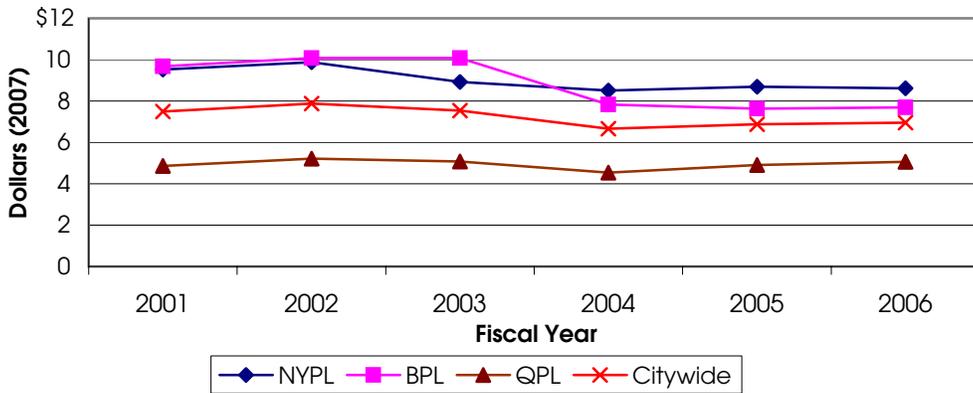
4.5 percent since 2000. This was due primarily to a decrease in the number of visits to Queens libraries. While Brooklyn had an increase in visits of 13.6 percent and New York had a 1.2 percent increase, Queens has seen its visits decline by nearly 14.6 percent over the seven-year period, thereby keeping its average subsidy per visit roughly constant despite the real funding decline.

CONCLUSION

Approximately 85 percent of the library systems' operating budgets are funded by the city. Since 1980 this subsidy has increased substantially in inflation-adjusted dollars. More recently, from 2001 through 2007, subsidy increases did not keep pace with inflation. This changed with the budget adopted for 2008, which added sufficient funding to bring the branch libraries back to their 2000 level, in real terms. Until 2008, this funding decline contributed to a drop in staffing in the library systems and a corresponding decrease in the number of hours library branches are open and the number of branches open six days a week.

A comparison of per capita funding across the three library systems suggests that the distribution of city subsidies in 2006 did not reflect how intensively the libraries were used. Queens had the greatest number of annual visits, but the smallest share of the city subsidy. As a result, city funding for Queens' libraries averaged \$5.09 per visit, roughly two-thirds the funding per visit for the Brooklyn and New York systems. These disparities suggest the need for a closer look at branch usage—particularly in Queens—to determine whether resources are sufficient to meet the needs of library visitors during periods of peak demand. One possibility would be to conduct surveys of the level of user satisfaction in each system. Another would be to compare the waiting lists or times for popular books and media borrowed from the library, or examine the wait times for services such as

Real Per Visit Subsidy is Lowest in Queens



SOURCES: IBO; Mayor's Office of Management and Budget; Mayor's Management Report.
NOTE: Real dollar amounts adjusted using State and Local Government Deflator for New York State.

¹In this report, city funding refers to the annual operating subsidy and does not include additional funds sometimes provided by the City Council and Borough Presidents.

²The city is not allowed to use surplus funds from one fiscal year to pay for city expenses in a subsequent year. When there is a surplus, one of the ways the city spends it is by prepaying its subsidy to the library systems which are treated as independent from the city for budget reporting purposes. In this report, IBO adjusted the fiscal record to show subsidy prepayments in the fiscal year they were used by the libraries from 1993 to 2006. We were not able to obtain information needed to adjust for prepayments prior to 1993, although it is unlikely that they were significant in most years.

³ Lawrence J. White, *The Public Library in the 1980s: The Problems of Choice*, (1983), p. 153.

⁴A library visit occurs each time an individual passes through a library branch door. The methodology for counting visits sometimes

varies from branch to branch. Because the differences are not specific to a single library system or a particular period, IBO does not expect them to significantly affect comparisons of the three systems or of the trends over time.

computers or reading groups.

Written by Joel Kraf

ENDNOTES

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