

Executive Briefing for the Friends of the Jacksonville Public Library and the Jacksonville Public Library Foundation, Inc.

“A library outranks any other one thing a community can do to benefit its people.”

– Andrew Carnegie

Jacksonville Public Library Funding Inquiry

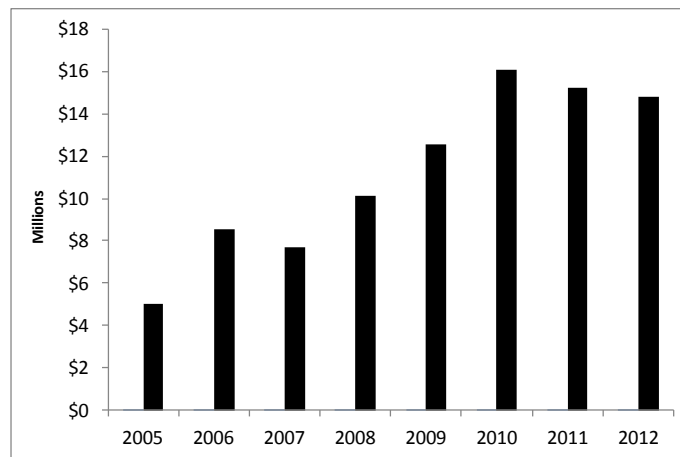
With few exceptions, public libraries in the United States are funded by local tax dollars. However, whether those tax dollars are allocated directly to the public library services, or are just a part of the long list of city priorities in a general budget, varies among communities. In Jacksonville, the public library operates like any other City department. It is supported by the City’s General Fund and its funds are largely under a ‘use it or lose it’ policy– meaning that it cannot usually carry forward funds from one fiscal year to the next. This also means the Jacksonville Public Library (JPL) cannot typically maintain a reserve, and its budget is subject to decisions made by the Mayor’s Office and City Council.

This briefing presents recent history of the JPL’s funding and services as well as financial information needed to make informed decisions regarding future, long-term funding solutions for the JPL. It summarizes a 3-month solutions-focused inquiry involving Jacksonville citizens. The citizens group reviewed other library systems and provide here some interesting options. Options include automation and other new technologies to achieve efficiencies and reduce personnel costs, allowing the JPL to maintain fiscal control of their entire budget to allow for long-term sound business decisions, reducing Information Technology costs through a contract bidding process, and establishing either a dedicated millage rate or an independent tax district to fund the Library system.

Financial Background

The FY2012 JPL budget is approximately \$38 million. The JPL Board of Trustees and Library administration oversee \$23.4 million of that budget. The City of Jacksonville administers the remainder of the annual budget, \$14.7 million, allocating costs for information technology, maintenance, facilities, payroll, and human resources. Since 2005, there has been an increase in these City of Jacksonville costs of 193 percent, from \$5.2 million in 2005 to \$14.7 million in 2012.

City Costs Allocated to JPL Budget, 2005-2012



Source: Jacksonville Public Library

Due to a decline in revenue and increased cost allocations, reductions in staff and materials were necessary. Between 2005 and 2012, JPL lost 117 total FTE (full-time equivalent staff) through attrition and through strategic civil service job reductions, resulting in a net budget reduction of nearly \$400,000 in personnel expenses. Most of the savings from the reduction of positions are being used to pay rapidly escalating health and pension costs. The JPL decreased annual spending on materials by \$2.2 million since 2005, which is a 42 percent reduction. These are the only two spending categories that JPL can control. The table below displays the number of positions reduced as well as the decreases in staff and materials expenses.

JPL Reductions

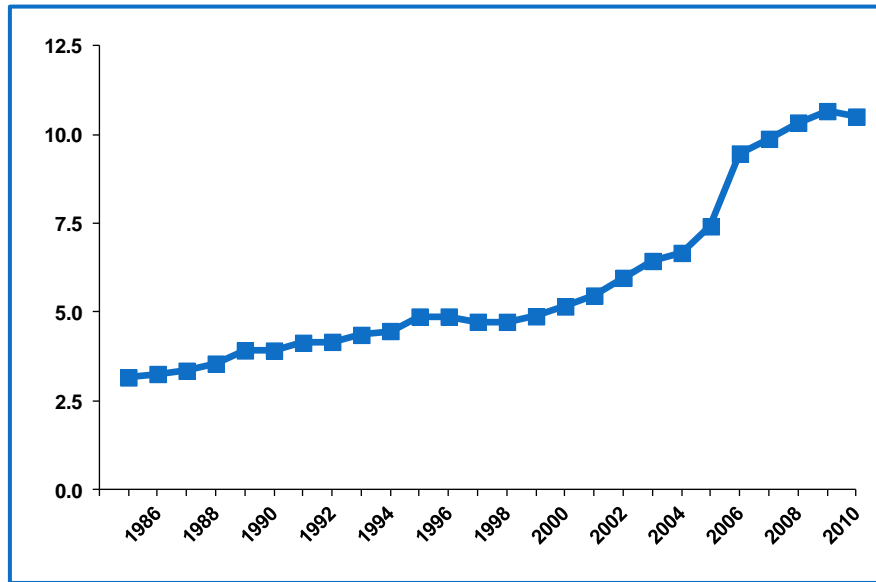
	2005	2012	% Decrease
# of Total FTE*	547	430	21%
# of civil service positions	432	336	22%
# of part-time FTE	115	94	18%
Salary and Benefits ('people costs')	\$18,306,967	\$17,911,352	2.1%
Materials (books, CDs, DVDs)	\$5,300,00	\$3,100,00	42%

*FTE refers to Full-Time Equivalent

Over nearly the same time period (2005-2011), the total number of circulated materials increased from 6.1 million to 9.1 million, and the annual number of visitors to the JPL increased from 3.8

million to 5 million. One of the reasons for these increases is that the Better Jacksonville Plan expanded library services. By November 2005, Jacksonville had a new downtown library as well as six new branch libraries. The chart below demonstrates the dramatic expansion of library services that was possible through the support of the Better Jacksonville Plan.

Library Materials Checked per Resident, Jacksonville Public Library



Source: 2010 Quality of Life Progress Report, JCCI

While the dramatic increase in circulation per capita tells a story of healthy growth despite revenue decreases, it is important to acknowledge the most recent year in the above trend line. 2010 saw the first decrease in the number of items circulated per person since 1985, when JCCI began tracking this indicator. The 2010 data point does not signify a trend in decreased library use; however, it suggests that the strain created by fewer human resources and aging collections is beginning to affect service to the community.

The citizens committee agreed that the current funding structure is contributing to a ‘graceful degradation’ of the Library system. It is graceful in that the JPL is well-loved and highly supported by the community, and its administrators have prevented any painful lapse in services. The JPL will continue to meet community needs as best it can. Despite an 21 percent decrease in staffing, the 21 libraries have reduced their hours of operation from 1,130 hours per week to 1,112, a 1.6 percent decrease in service hours. The JPL is experiencing degradation because reductions have been made in collections and staffing, the only two areas in which the Board administers costs. As collections age and hours are cut, fewer customers look to the Library for new items. The

demand and delivery of digital information through JPL is outpaced by other online services. AS this happens, the JPL will lose relevancy in Jacksonville. Additionally, JPL is experiencing physical, structural degradation, as evidenced by a 2011 Capacity Plan that found all 21 libraries need repair (at an estimated cost of \$8.3 million) and recommended additional funding for preventative maintenance. As the director of the Louisville Free Public Library told the committee, no taxpayer wants to support a weak or besieged city service. As library services decline, popular support for the entire public library system will as well.

Alternatives in Florida

The Great Recession ended in 2009; however, conditions still seem recessionary. The collapse of the housing market, and specifically the fact that real property values diminish *ad valorem* tax revenue on which Jacksonville's General Fund substantially relies, has long-term effects on the City. One committee member observed that when revenue and cost gaps are as large as they are for the City of Jacksonville (recent estimates put the gap at \$58 million), seeking stable General Fund revenue is like "re-arranging deck chairs on the *Titanic*." The shared pain of City-wide budget cuts will continue well past 2012, further stressing the JPL system.

The same recessionary conditions are affecting library systems across the U.S., including Florida. The main difference between other Florida library systems and Jacksonville's is that some communities have funding for library services that enables their Board of Trustees to set levels of service based on budgets forecast up to 24 months. In contrast, the JPL is not able to plan more than 6-12 months ahead because of the ups-and-downs of the City's annual budgeting process. Also, other Florida library systems set aside money to carry forward from one year to the next. Put simply, the Boards of Trustees can make plans that can be counted on. Alternative funding methods are not tax increases. They are merely different methods to put the same dollars to use for public libraries.

The committee reviewed and evaluated four Florida library systems (Gainesville, Orlando, Palm Beach, and Tampa) that allocate *ad valorem* dollars directly to their libraries. In 2012 these library systems receive the following:

- Alachua (Gainesville) – 1.3638 mills;
- Orlando – .3748 mills;
- Palm Beach – .5419 mills; and
- Tampa – .5583 mills.

Establishing stable funding through *ad valorem* tax revenue means better long-term decision making for library systems.

Automation and New Technologies

Automation in library services provides a useful illustration of the difference between a library system that can plan ahead and has governing authority over its entire budget and one that does not. Personnel costs are a large part of a library's budget. Sorting devices for returned materials and self-checkout machines reduce personnel costs. In Palm Beach, more than half of all check-outs and returns are automated. Tampa reduced staff by 25 percent through automation. In Jacksonville, the library system does not have capital funds that can be applied to retrofit facilities for automation. As a result, one library out of the 21 branch libraries uses a sort machine for returns, and the Main Library is not able to promote automated checkout because its interior design does not accommodate it. Capital improvements are not easily achieved for a *de facto* City department because they are budgeted by the City's Public Works Department.

Small capital projects are possible if the JPL had a line item in its budget for these types of projects. Since 2005, the Library's budget has been reduced each year, which makes it impractical to add a new line for small capital projects. If the JPL system were able to automate more of its returns, it could become more efficient and further reduce costs.

The question of introducing new technologies into public delivery of information services was addressed several times during committee meetings. Committee members asked, "Aren't libraries going away as reading material moves online and to e-readers?" According to resource experts, public libraries are not irrelevant in the digital age. For example, JPL circulated 9 million books, DVDs, CDs, and other hard materials in 2011 and it also circulated 100,000 digital items.

Additionally, public libraries offer their services to the community at no charge. In fact, Florida libraries must offer free services or else lose access to state funding streams. For people not able to afford a computer, or computer training, public library services are a bridge across the digital divide. Now, and in the future, Jacksonville residents will use the free information services in their public libraries.

Moving Forward

The future of the JPL system lies in its ability and authority to govern its financial future. The committee observed that Alachua County Library District (ACLD), which has a stable, reliable

source of revenue through public dollars, has fiscal control that allows it to make long-term, sound business decisions. For example, Alachua refinanced outstanding bonds in 2011 which resulted in a net savings of \$700,000 for taxpayers. It also switched from a private pension fund to the Florida Retirement System for all new employees effective January 1, 2008. In addition, ACLD is engaging in entrepreneurial revenue generation by leasing rooftops to a solar energy company. The library system receives \$30,000 in annual revenue and repairs to two library roofs as part of the contract. Within 20 years the library system will own the solar panels. ACLD was able to establish this and other private-public partnerships to help carry out its mission for the public good. This is possible because the library system has governing authority over its budget and controls its long-term fiscal future.

One of the annual expenditures allocated to the JPL that is administered by the City is Information Technology (IT) services. Currently, the JPL has little input in managing its IT, which include maintaining:

- Nearly 2,000 computers;
- Wireless internet access at 21 libraries;
- A website receiving 4 million visits annually; and
- Databases tracking 3 million library items, 500,000 customers, and 9 million customer transactions.

Since the JPL is treated like any other City department, it pays for IT services through an internal service charge calculated by the number of computers maintained annually. In FY2012, the Library was charged \$1,576 annually for each of its 1,868 computers. This amounts to \$2.9 million, which is a little more than half of the \$4.7 million budgeted for IT services. If the Library can manage its own IT budget, then efficiencies can be gained and costs decreased. Furthermore, a 21st century library must manage its own IT services because the IT landscape changes so quickly, requiring continuous innovation.

Two Approaches

Florida law makes possible two approaches for restructuring the funding of the JPL. One is a *dedicated millage rate* and the other is an *independent tax district*. Basic features of each model are outlined in two white papers included in this report. Briefly, an independent tax district establishes a governing board that levies taxes for library services. Such authority to levy taxes is granted by the Florida Legislature. On the other hand, a dedicated millage rate sets aside a

portion of property tax revenue for the sole purpose of providing library services. The Jacksonville City Council could establish dedicated millage.

Most on the committee concluded that establishing dedicated millage for the JPL is less politically challenging than establishing an independent tax district. Building broad support in the Florida Legislature for local tax authority requires far more work than securing 10 City Council votes at the local level. Despite the challenges, the independent tax district is a better funding structure and the committee feels it will better achieve the ultimate goal of dedicated funding and fiscal control. While dedicated millage might seem more expedient, City Council can reverse the millage rate as easily as they establish it and they can adjust the rate. An independent tax district cannot be reversed by City Council.

In the end, the committee agreed that the steps toward securing either dedicated millage or an independent tax district are similar. Next steps include building popular support through a grassroots campaign that connects with taxpayers' deeply-held, established values, securing City leaders' political support, and identifying a public "champion" for this effort. One speaker noted that a city budget can be thought of as a list of priorities. Any successful effort to prioritize the current list in favor of libraries involves garnering the support of elected officials.

Political Support

One resource speaker told the group that "everything is political," including the City's list of priorities for spending money. He suggested that the most important task moving forward is to build support among Jacksonville's elected officials. If elected officials want to achieve a specific goal on behalf of voters, they will find a way to do so. The speaker's perspective was that while popular support for an initiative is important, the people who make it happen are in the City Council, the Mayor's Office, and the Florida Legislature.

Political support increases when a campaign acknowledges and addresses its opposition's concerns. One resource speaker said that supporters of a new funding structure for the JPL must work toward consensus with those who disagree. Learning how to answer the opposition's questions and addressing their concerns strengthens the message and widens the support.

Another speaker stated that any effort to build political support starts with framing the issue in terms of convictions and values. Providing facts, figures, and data is not enough to build support at the ballot box. Data is about *thinking*, and issue framing must also engage voters' *feelings*. Voters must feel their values are being reinforced when supporting a new idea.

Popular Support

One resource expert introduced the idea of a citizens' initiative to the committee. This approach includes petition gathering and has built popular support for three separate successful initiatives in Jacksonville. In each case, the issue was taken to voters who overwhelmingly approved each ballot measure. Tens of thousands of signed petitions were gathered well before the actual voter referendum. This strategy created the effect of voters having a vested interest in the initiative before entering the voting booth. They, or someone they knew, had already signed the petition in favor of the initiative, so voting for it on Election Day was not a surprise.

A specific strategy that has not yet been tried in Jacksonville is a straw ballot, a form of pre-polling that provides insight as to the level of support for initiatives amongst likely voters. This process provides non-binding results and might demonstrate the relative strength of the opposition as well.

Some speakers cautioned about community-wide initiatives for an independent tax district. The Library Directors in Louisville and Los Angeles shared with committee members what happened recently in their cities. The City of Louisville appropriated \$16 million for its library system, and this amount would have been available to pay for other city services if voters approved a referendum establishing an independent tax district. The Mayor, however, did not make clear which services would be strengthened by that extra \$16 million. In the end, Louisville voters did not feel confident that their tax dollars would be spent wisely and they did not approve the referendum. When city governments lack answers to critical questions about current and future spending for libraries, voters generally do not support increased taxes to pay for them.

In Los Angeles, voters perceived their investment in the public library as “no new tax” since it did not increase their tax bills. The increase in the Library's budget was made possible by shifting budget allocations for other city services. This was important to voters, and as a result, they approved a millage rate increase for library services.

Conclusion

The JPL is a significant repository of knowledge that educates children, enhances adults' careers, and offers improvement to the overall quality of life for all Duval County residents. These benefits of lifelong learning are at risk. Current financial and governance controls under which JPL operates make long-range planning and innovation difficult at best. Because the JPL is unable to predict revenue and how much it will be charged for overhead by the City (currently 39 percent of

its budget), it is prevented from gaining possible cost savings that could be passed on to taxpayers. Nor can it save funds for planned projects and "rainy days". A key way to ensure the JPL will not experience further 'graceful degradation' is to promote its budgetary independence as well as stable and reliable funding streams.

To restore the Library to an adequate level of funding and then move it forward so that it is among the best library systems in the United States, JPL must have operational and fiscal control. The goal is establishment of independent funding and authority while maintaining accountability to taxpayers. An independent tax district, governed by elected officials, is the best means for doing that, and as an intermediary step, the City might establish a dedicated millage rate for the JPL. The goal is not to raise taxes; it is to change how funding occurs.

Next Steps...Who, What, When

One speaker outlined a time line of at least four years of community organizing and political work in order to secure status as an independent tax district. All agencies supporting the Library need to develop the political savvy to build favor and good will. They need to communicate regularly with local decision makers about City budgets and the priorities of the Library.

JPL customers and supportive nonprofit and for-profit partners must advocate for secure funding. Parent-Teacher Associations, neighborhood organizations, and civic groups must be aware and engaged along the way.

This journey should be led by a new group whose sole purpose is establishment of an independent tax district for the Library. Save Our Public Libraries, Inc., the Friends of the Jacksonville Public Library and the Jacksonville Public Library Foundation, Inc. should form an Implementation Task Force. This Implementation Task Force should involve leaders and representatives from all organizations currently supporting the Library and community leaders from various sectors. It should be designed so that it cannot outlive its purpose.

The Task Force should advocate, lobby, and implement a community-wide campaign for an independent tax district. **This campaign should:**

- Develop a strategic plan and timeline
- Use focus groups to test messaging

- Create a pitch book to make the case for stable and reliable funding in frequent meetings with City Council, Duval Delegation, the Mayor, the Sheriff, and other elected officials.
- Identify a high-profile champion of an independent tax district for the Library
- Assemble a legal team to craft language for a straw ballot and/or referendum

The Jacksonville Public Library and Board of Trustees should:

- Provide supporters and citizens data regarding efficiencies gained now and in the future
- Act as ambassadors and advocates for an independent tax district

The Jacksonville Public Library Friends and Branch Library Friends should:

- Coordinate petition drives
- Train volunteers to gather signed petitions
- Educate citizen-advocates

Save Our Public Libraries, Inc. should:

- Raise \$50,000 to initiate a campaign for an independent tax district.

Jacksonville Public Library Foundation, Inc. should:

- Communicate with donors and serve as ambassadors for the campaign.
- Provide funding for the campaign in compliance with Internal Revenue Service (IRS) regulations.