

Legislative Budget Analysis
Proposed FY 2017 Operating and Capital Budgets
Office of the County Auditor
Baltimore County, Maryland
May 13, 2016



Department of Libraries

Director: Paula Miller

Budget Office Analyst: Peter Barrows

Legislative Analyst: Kimberly Bauer-Weeks

Questions to Department Sent	Monday, April 18 & Tuesday, April 19
Responses Requested By	Wednesday, April 27 & Thursday, April 28
Responses Received	Tuesday, May 10 Wednesday, May 11 *
Analysis Due for Review	Thursday, May 5
Analysis Completed	Friday, May 13
*Analysis considers all agency responses.	

BALTIMORE COUNTY
FISCAL YEAR 2017 RECOMMENDED BUDGET

DEPARTMENT OF LIBRARIES (037)

BUDGET SUMMARY

\$ in Thousands

	GENERAL	SPECIAL	TOTAL	% Change Prior Year
PROPOSED CHANGE				
FY 2016 - 2017 Change	\$ 85.8	\$ 455.7	\$ 541.5	
BUDGET TRENDS				
FY 2015 Actual	\$ 33,563.0	\$ 7,277.9	\$ 40,840.9	
FY 2016 Approp.	32,764.2	7,323.5	40,087.7	-1.8%
FY 2017 Proposed	32,850.0	7,779.2	40,629.2	1.4%
FY 2017 Budget Analysis	32,612.7	7,779.2	40,391.9	-0.6%
POTENTIAL REDUCTIONS	\$ (237.3)	\$ -	\$ (237.3)	

PERSONNEL

ALL FUNDS

FULL-TIME EQUIVALENT POSITIONS

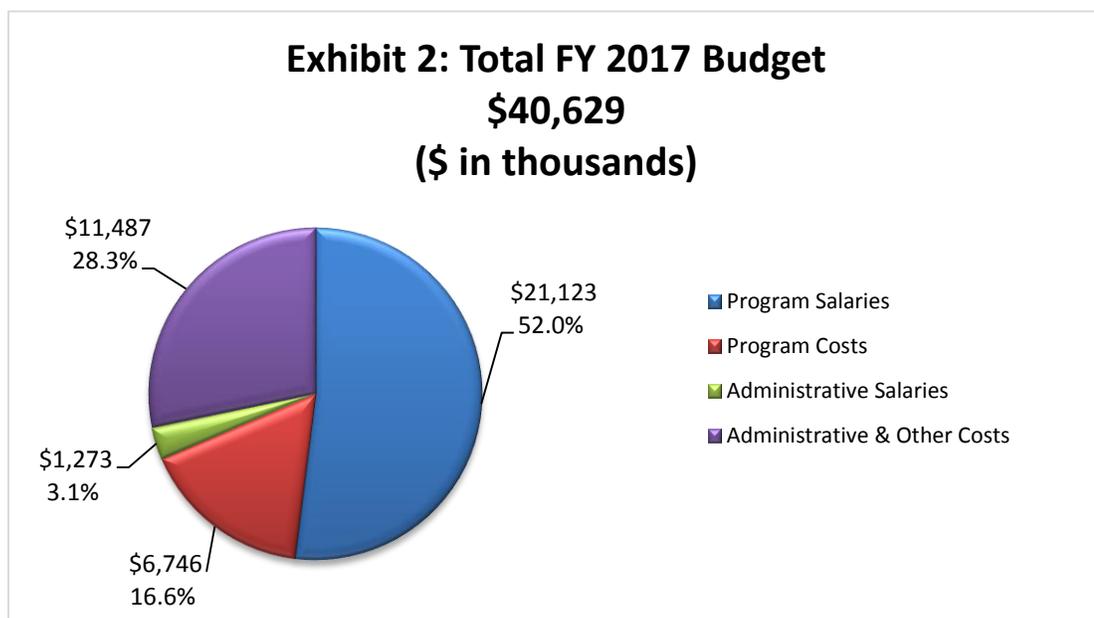
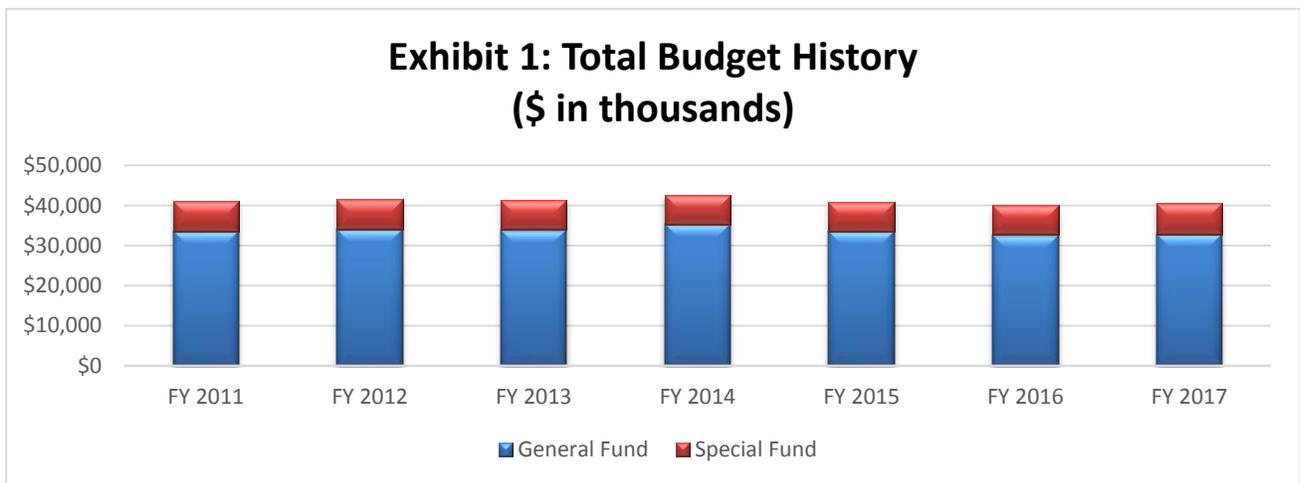
PROPOSED CHANGE	
FY 2016 - 2017 Change	24
BUDGET TRENDS	
FY 2015 Actual	519
FY 2016 Approp.	485
FY 2017 Proposed	509
FY 2017 Budget Analysis	509
POTENTIAL REDUCTIONS	0
VACANCY DATA	
Positions Vacant as of April 20, 2016*	5

*Provided by BCPL

DEPARTMENT OF LIBRARIES (037)

BUDGET SUMMARY:

The proposed FY 2017 budget for the Department of Libraries totals \$40.6 million, an increase of \$542 thousand, or 1.4%, over the FY 2016 budget. The General Fund portion of the budget totals \$32.8 million and increases by \$86 thousand, or 0.3%, and the Special Fund portion totals \$7.8 million and increases by \$456 thousand, or 6.2%. The increase in the budget helps fund a 2% COLA and 3 new positions for the Hereford branch, and is largely offset by decreases in other areas of the budget including OPEB, health insurance and retirement funding. **See Exhibits 1-3 for additional detail.**



DEPARTMENT OF LIBRARIES (037)

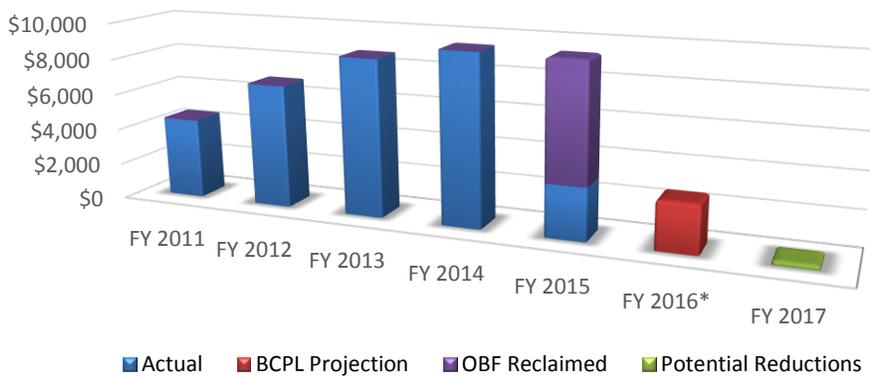
Exhibit 3			
FY 2017 Proposed Budget (\$ in 000's)			
How Much it Grows:	<u>General Fund</u>	<u>Special Fund</u>	<u>Total</u>
2016 Appropriation	\$ 32,764	\$ 7,323	\$ 40,087
2017 Request	<u>32,850</u>	<u>7,779</u>	<u>40,629</u>
\$ Increase	\$ 86	\$ 456	542
% Increase	0.3%	6.2%	1.4%
Where it Goes:			
Personnel Expense:.....			779
2% COLA.....			439
Increments & Other Salary Adjustments.....			223
3 New FT Positions (2 Librarians & 1 Circulation Asst.) for Hereford Branch...			121
Turnover.....			(4)
Personnel-Related Expenses:.....			(302)
Social Security (FICA).....			59
Unemployment.....			15
Life Insurance.....			3
Parking Rentals (for employees).....			(10)
County Retirement System (employer contributions).....			(80)
Health Insurance.....			(106)
OPEB.....			(183)
Operating Expenses:.....			65
Supplies (operational, vehicle).....			121
Service Contracts (e.g., branch security costs).....			94
Equipment Rental (lease costs for copiers).....			40
Building Service Repairs.....			10
Conferences & Workshops.....			(9)
Development & Coordination.....			(14)
Motor Pool - Trucks.....			(15)
Reproduction (e.g., copier paper, materials for public distribution).....			(19)
Operational Equipment & Equipment Maintenance.....			(21)
Postage & Shipping.....			(22)
Utilities (gas, electric, water).....			(25)
Permits, Licenses & Fees (due to on-line application process).....			(30)
Professional Services (e.g., marketing, branch programs).....			(38)
Other Changes.....			(7)
Total:.....			\$ 542

DEPARTMENT OF LIBRARIES (037)

POTENTIAL BUDGET REDUCTIONS:

This analysis identifies a total of \$237,251 in potential budget reductions, which represents 0.7% of BCPL's proposed FY 2017 General Fund budget. The proposed FY 2017 operating budget is approximately \$26.5 million greater than the maintenance of effort (MOE) level of funding defined by State law and used by the State to determine local eligibility for increased State Aid. Any reduction greater than approximately \$26.5 million would result in the loss of approximately \$5.7 million of State Aid for BCPL in FY 2017.

**Exhibit 4: Fund Balance and Potential FY 2017 Reductions
(\$ in Thousands)**



*Council deleted \$441K for digital marketing displays from OIT's Enhanced Productivity Thru Technology capital project.

DEPARTMENT OF LIBRARIES (037)

Department-Wide

1. Increase Turnover to 5.4% of Salaries (0104) \$237,251

The proposed FY 2017 budget includes Department-wide turnover savings totaling \$448,155, or 2.0% of salaries totaling \$22.8 million for 509 positions. However, a 4-year analysis indicates that turnover has been under-budgeted in each year, with actual turnover averaging 5.4%. BCPL has used its lower-than-realized turnover rate to fund unplanned or unbudgeted priority items. This potential reduction minimally increases the budgeted turnover to \$685,406, or 3.0%, which is significantly less than BCPL's projected FY 2016 turnover savings of 5.8% of salaries, or \$1.2 million. Such an action would leave a significant amount of flexibility for BCPL to fund its priorities, while signaling the Council's support for a closer alignment between the budget and priorities of BCPL in future years.

Schedule of Historical Turnover Savings					
Fiscal Year	Budget/ Request	Turnover %	Actual/ Estimate/ Recommended	Turnover %	Increase/ (Decrease) Reduction
2013	\$284,725	1.3%	\$881,876	4.2%	\$597,151
2014	\$366,117	1.6%	\$1,331,838	6.2%	\$965,721
2015	\$249,429	1.2%	\$1,126,741	5.5%	\$877,312
2016	\$444,548	2.0%	\$1,205,148 ¹	5.8%	\$760,600
Average	\$336,205	1.5%	\$1,136,401	5.4%	\$800,196
2017	\$448,155	2.0%	\$685,406 ²	3.0%	\$237,251
Notes: ¹ BCPL's projection. ² Based on 3% of salaries.					

DEPARTMENT OF LIBRARIES (037)

SIGNIFICANT PROGRAM/POLICY INITIATIVES AND/OR CHANGES:

2. Loaner Device Initiative \$500,000

The proposed FY 2017 budget includes \$500,000 in the Office of Information Technology's Enhanced Productivity Thru Technology capital project for the purchase of tablets to loan to library patrons in order to provide access to current technology, foster digital information literacy, and encourage technical skill development to help close the digital divide among County residents.

BCPL advised that it will perform a beta project (including providing public awareness and training the staff and branch patrons) at two to four library locations, evaluate program results, and, based on those results, set a full roll-out schedule. BCPL also advised that it is gathering information from other library systems and will use such information to develop appropriate loan, security, and fine policies.

BCPL has not yet determined if device loans will be allowed outside the branch but advised that in-branch usage will eliminate some of the usage burden currently placed on BCPL's hardwired PCs and provide flexibility for patron usage, especially within the smaller branches.

BCPS should be prepared to discuss:

- ***Which libraries will be chosen as beta sites;***
- ***Plans for tablet security and user accountability during the beta project;***
- ***Time frame for the beta project and for tabulation of results; and***
- ***Time frame for full initiative implementation.***

3. Technology Advancements \$852,675

The proposed FY 2017 budget includes \$852,675 for the following technology initiatives:

- ***Radio Frequency Identification (RFID) Solution and e-Commerce for Owings Mills***
(\$144,180: \$9,500 – Enhanced Productivity Thru Technology capital project funding and

DEPARTMENT OF LIBRARIES (037)

\$134,680 – Equipment financing fund) – Funding will provide for the replacement of RFID hardware utilized for security and circulation at the Owings Mills branch along with associated warranty costs. Funding will also enable BCPL to update e-commerce functions to become Payment Card Industry (PCI) compliant to the latest data security standards for major credit card brands. E-Commerce systems were updated at two branches (Towson and North Point) in FY 2015 enabling BCPL to become PCI compliant; the remaining 16 branches will have systems updated in FY 2016.

- **Security Card Access** (*\$693,550 – \$98,550 - Enhanced Productivity Thru Technology capital project funding and \$595,000 – Equipment financing fund*) – Funding will provide for a security card access system for 17 BCPL branches which will verify all personnel entering the building and prevent access to restricted areas. To improve efficiency, BCPL will utilize the County's application which will provide access to existing databases, licenses and badge design templates.
- **Update or Replace BarOne in Processing** (*\$14,945 - \$1,445 - Operating Budget and \$13,500 – Equipment financing fund*) – Funding will provide for an updated or new labeling system for new library materials. The system uses materials that prevent smudging and fading and provides clearly labeled materials which will allow constituents to easily utilize the self-checkout option and allow materials to be sorted, processed and returned into circulation more timely and efficiently.

In addition, BCPL will complete the following technology initiatives that were started and funded in FY 2016:

- **Digital Marketing Displays** (*\$440,999 – Enhanced Productivity Thru Technology capital project funding*) – Centralized control of marketing will reduce or eliminate poster printing. The digital format will also provide more flexibility for BCPL's marketing team and an updated look to branches to attract and retain patrons. The project is expected to be completed in the first quarter of FY 2017. Budgeted funding for this purpose should not have exceeded \$279,000 (2 displays at \$7,750 each per branch at 18 branches) since

DEPARTMENT OF LIBRARIES (037)

the Council reduced requested funding by \$441,000 from \$720,000 (5 digital displays at \$40,000 per branch at 18 branches).

- **Upgrades to CCTV Systems** (\$611,227 - \$96,227 – *Enhanced Productivity Thru Technology capital project funding* and \$515,000 – *Equipment financing fund*) – The Office of Information Technology is assessing BCPL’s security needs in three phases and will update existing systems as necessary. Phase I is complete and included assessing branches where no camera systems were in place or the system had completely failed (FY 2015). Phase II included assessing branches where the systems were reaching end-of-life (FY 2016). Phase III includes assessing the remaining branches (FY 2017). The anticipated implementation is the first quarter of FY 2018.

BCPL will also benefit from the following initiatives that were implemented during FY 2016:

- **Radio Frequency Identification (RFID) Solution and e-Commerce** (\$677,305: \$427,305 – *Enhanced Productivity Thru Technology capital project funding* and \$250,000 – *Equipment financing fund*) – Funding will provide for the replacement of all RFID hardware utilized for security and circulation at 16 library branches (excluding Towson and North Point that were updated in FY 2015 and Owings Mills which will be updated with FY 2017 funds) along with associated warranty costs. Additionally, funding will enable BCPL to update e-commerce functions to become Payment Card Industry (PCI) compliant to the latest data security standards for major credit card brands.

BCPL should be prepared to discuss:

- ***The number of digital marketing displays purchased and associated cost, installations completed, and any plans for additional digital marketing displays, including any funding in the FY 2017 operating or capital budgets; and***
- ***Any cost savings or efficiencies to be gained through the new technology projects.***

DEPARTMENT OF LIBRARIES (037)

OTHER ISSUES:

4. Programs/Services Offered

BCPL has developed a variety of innovative programs and provides an array of services in order to meet the diverse needs of County's residents. Some of the noteworthy programs and services include: early literacy development (e.g., Storyville, Every Child Ready to Read); maker spaces (i.e., do-it-yourself spaces for patrons to gather, create, and learn; the Woodlawn branch was a beta project for maker spaces and featured BCPL's first 3D printer); workforce development (e.g., assistance with writing resumes, enhancing job skills); homeless and veteran populations (e.g., assistance with job resources and available social services for homeless people and a veterans book club); and travel (passport application acceptance at the Arbutus branch).

BCPL's strategic plan includes creating a Center of Excellence in each library branch which would provide a focused specialization (e.g., art centers, technology labs, maker spaces, etc.) based on the community's demographics and service needs. New programs and services for FY 2017 include 3 new Centers of Excellence (Towson Branch – Business, Hereford Branch – Arts, and Randallstown Branch – Technology & Innovation), 2 additional passport application acceptance facilities, and additional branch participation in the free summer lunch program (9 branches in FY 2016).

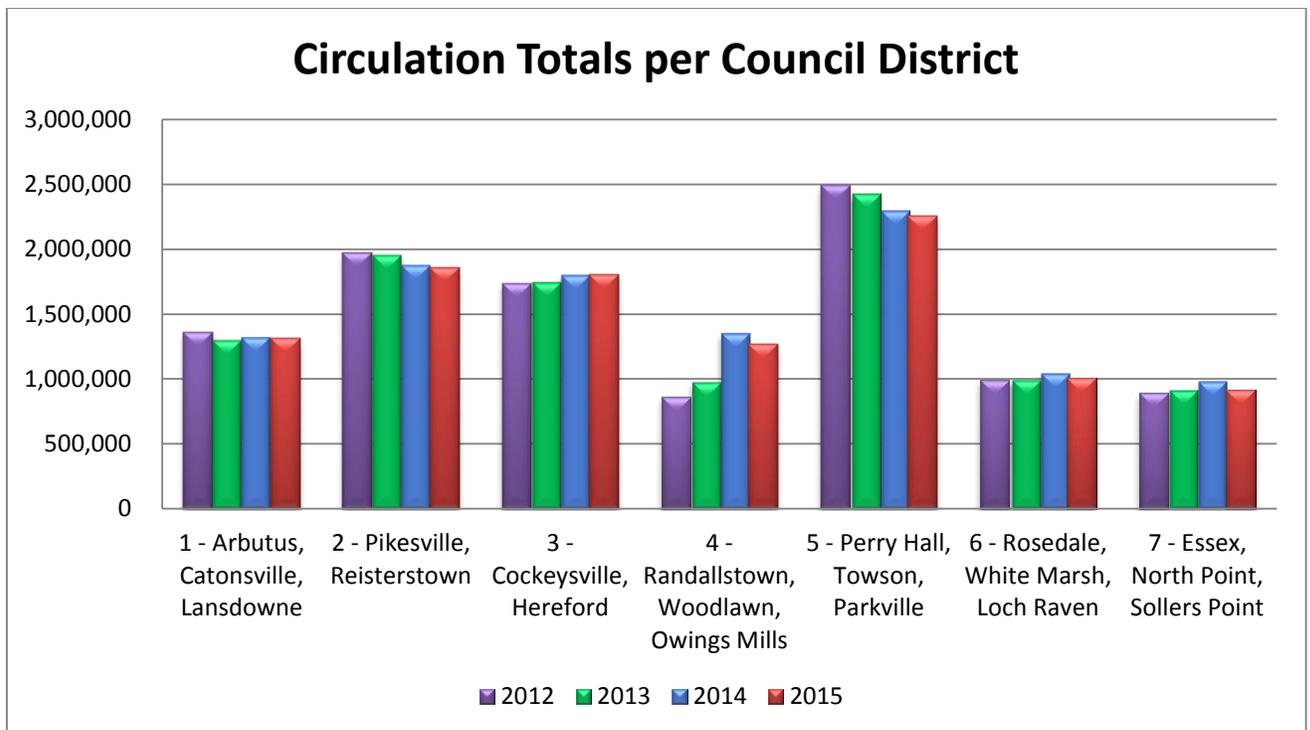
BCPL should be prepared to discuss:

- ***The operating and capital costs for the new Centers of Excellence and passport application acceptance facilities;***
- ***Benefits of the new programs and services to library patrons, including the revenues generated by the passport application acceptance facilities;***
- ***Details of other new program and services for FY 2017 and associated costs and revenues; and***
- ***Branches participating in the free summer lunch program and plans for increased branch participation.***

DEPARTMENT OF LIBRARIES (037)

5. Circulation, Fines, and Fees

The proposed FY 2017 budget includes \$7.7 million for circulation materials, including \$1.6 million for electronic materials. BCPL's total circulation of library materials for FY 2015 was 11.2 million (excluding renewals). The Cockeysville and Pikesville branches each had circulations of over 1 million. Shown below is total circulation (excluding downloadable materials, mobile services, and renewals) by Councilmanic District for FY 2012 through FY 2015 according to data provided in BCPL's Annual Reports:

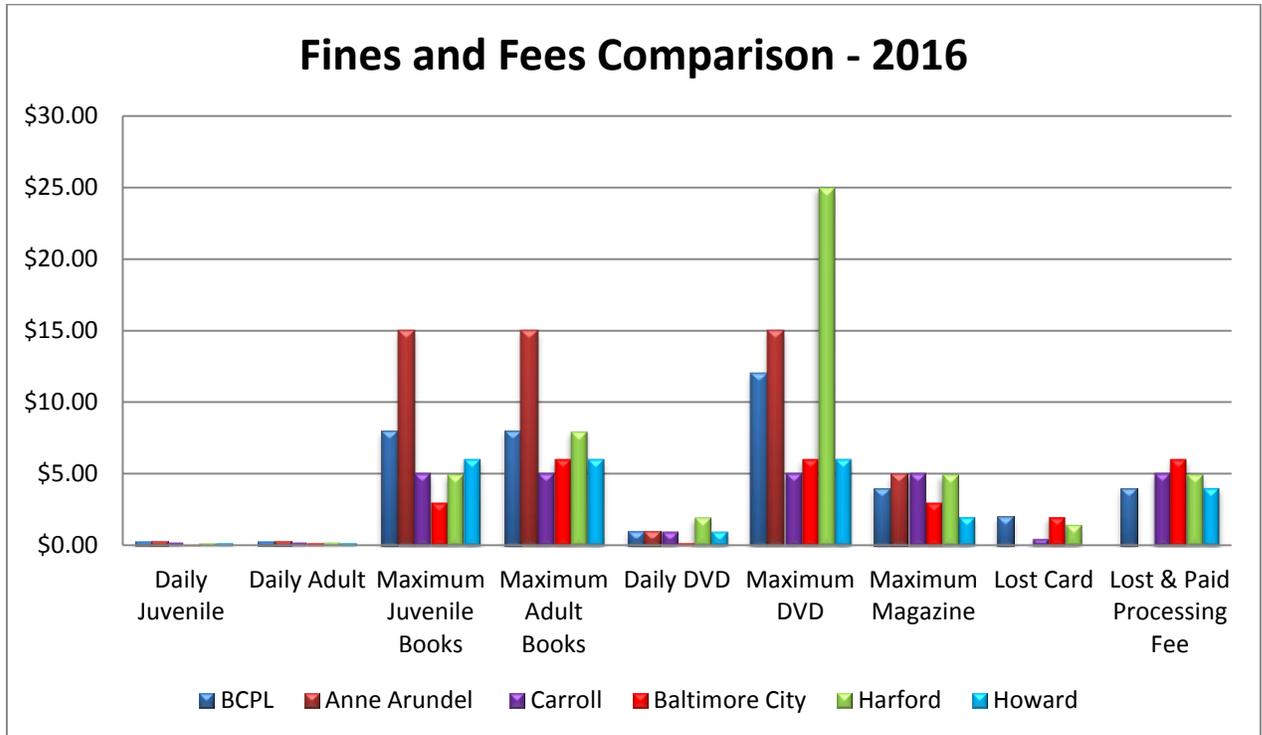


The proposed FY 2017 budget includes combined fine and fee revenue totaling approximately \$1.9 million, a decrease of \$415,000, or 18.0%, from budgeted FY 2016 revenues. This decrease is primarily due to BCPL instituting a 3-day notification policy for materials due dates in FY 2015; the expected decrease in revenues for FY 2016 was estimated at \$200,000.

BCPL advised that fines and fees are an incentive for customers to return items on a timelier basis in order to cost-effectively satisfy demand. However, BCPL has not increased overdue

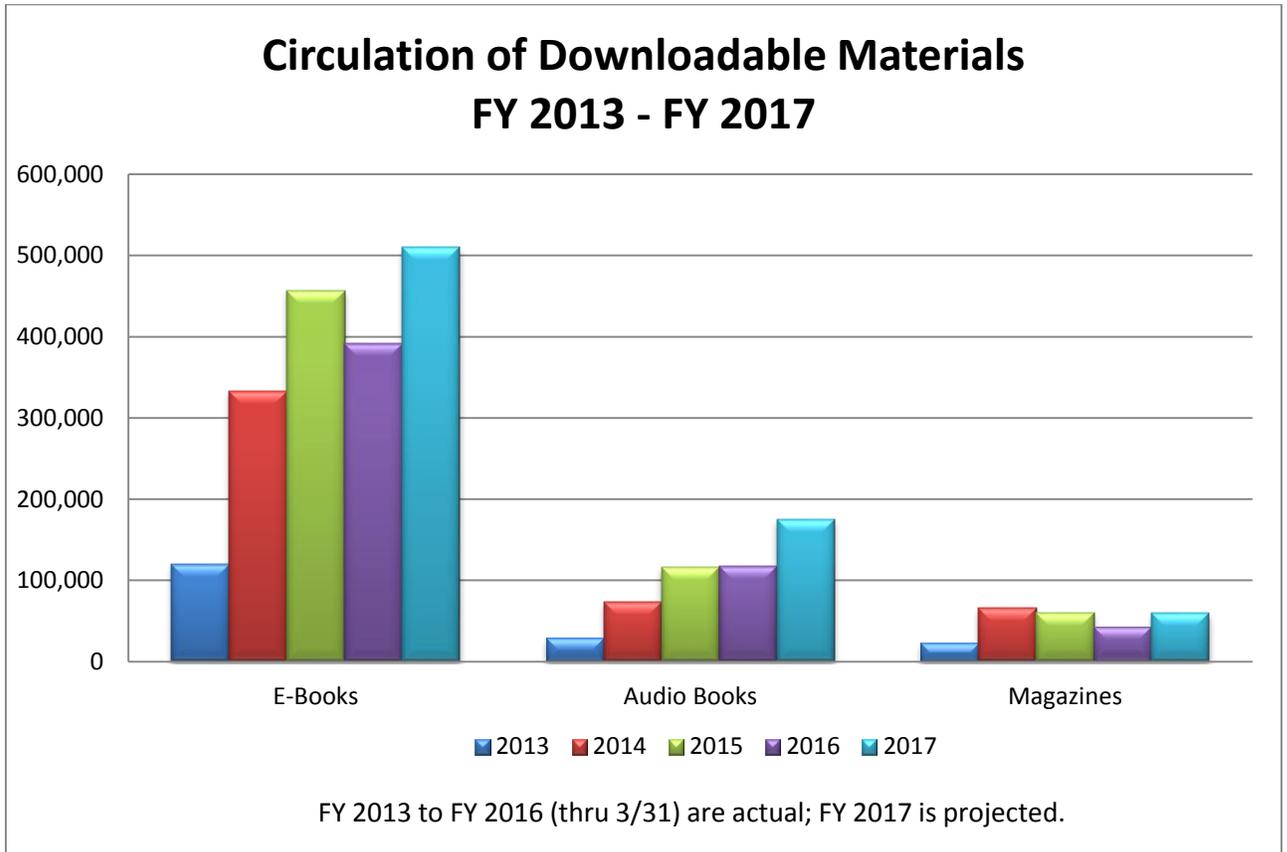
DEPARTMENT OF LIBRARIES (037)

book fines since 2009 because customer survey results indicate concerns that BCPL has higher fines and fees than certain surrounding jurisdictions. Shown below is a comparison of various fines and fees charged by BCPL and the five surrounding library systems:



BCPL advised that it continues to experience a downward trend in the circulation of physical materials but an increase in demand for downloadable materials (e.g., electronic books, audio books and magazines), which do not generate overdue fees, as borrowed material is automatically removed from a customer’s device at the end of the borrowing period. BCPL advised that from July 2014 to March 2015, customers initiated a total of 467,030 downloads, an increase of 128,469, or 37.9%, over the same period in FY 2014. BCPL further advised that it anticipates a total of approximately 1 million downloads for all of FY 2016.

DEPARTMENT OF LIBRARIES (037)



BCPL should be prepared to discuss:

- ***Plans for increasing circulation in certain areas of the County;***
- ***The effect of decreased revenues on BCPL's ability to maintain sufficient levels of physical collection materials and adequate levels of access to electronic materials to meet patron demand;***
- ***The average or typical price that BCPL pays per downloadable item; and***
- ***Whether library sharing services are available for downloadable materials similar to inter-library loans for physical materials.***

6. Facilities and Equipment

The proposed FY 2017 capital budget includes \$2 million for capital improvements at BCPL. Another \$5.9 million is included in the 5-year capital program (FY 2018 – FY 2022). Noteworthy

DEPARTMENT OF LIBRARIES (037)

projects funded in FY 2017 include:

- **Randallstown Branch Renovation (\$632,000)** - Interior renovations including a new open space layout for patron seating, collaborate workspace and individual work areas, and new shelving, furniture and equipment. The renovations will also feature a new Technology & Innovation Center of Excellence. Flooding at the Hereford branch delayed the renovations at the Randallstown branch from FY 2016. The renovations are anticipated to be completed in FY 2017.
- **Catonsville Branch Renovation (\$550,000)** – Interior renovations with enhanced public space and access. The renovations will include a Media Center of Excellence featuring a recording studio for public use. Renovations are anticipated to be completed during the second quarter of FY 2017; however, the project may be deferred based on the State’s decision to withhold its share of the costs.
- **Reisterstown Branch Renovation (\$450,000)** – Interior renovations with enhanced public space and access and includes the creation of a Green/Sustainable Center of Excellence. Renovations are anticipated to be completed during the fourth quarter of FY 2017; however, the project may be deferred based on the State’s decision to withhold its share of the costs.
- **Towson Branch Air Conditioning (\$500,000)** – Replacement of the failing HVAC system for the Towson branch and Administrative offices.
- **Towson Branch Business Center (\$75,000)** – Upgrades to the mezzanine level and includes the creation of a Business Center of Excellence. The Center will assist County residents with employment skills and job applications, career research, market research and business plans, entrepreneurship, economic gardening and financial skills. Project costs total \$100,000, including \$75,000 in the FY 2017 capital budget and \$25,000 in the BCPL budget from fundraising or grants.

DEPARTMENT OF LIBRARIES (037)

During FY 2017, BCPL will also complete the following:

- ***Bookmobile Program Examination*** - An examination of the bookmobile program, including the re-evaluation of the routes and stops, the number of vehicles, vehicle capacity, and the overall role of mobile library services in its system. BCPL will also explore the concept of a “Mobile Center of Excellence” and determine how to use the bookmobiles to provide further community outreach, particularly to underserved populations.

During FY 2016, BCPL plans to complete the following:

- ***Hereford Branch Renovation (\$3 million)*** – Interior and exterior renovations including a new front entrance and doubling the space to allow for a study room, a periodical room, a large meeting room, a specialized art room, and a children’s area with child-sized computers and interactive games. The renovations will also feature an Arts Center of Excellence which will provide learning, demonstrations, and exhibiting opportunities for adults and students. Renovations were accelerated from CY 2017 due to flooding damage from a burst pipe in late July 2015 and are anticipated to be completed in June 2016.

BCPL should be prepared to discuss:

- ***Details and costs of the various capital projects;***
- ***Plans and timeframe for developing a facilities master plan in collaboration with the Office of Budget and Finance; and***
- ***Status and/or results of the re-evaluation of the bookmobile program.***

7. Janitorial Services & Supplies

Beginning in April 2014, the Property Management Division assumed responsibility for the maintenance of BCPL locations. As part of the transfer, the Division was to be responsible for all maintenance and service contracts, including janitorial. The purpose of the transfer was to consolidate functions, to create operational efficiencies, and to standardize the work that is performed, which provides quality control. During FY 2015, BCPL spent \$81,000 on janitorial

DEPARTMENT OF LIBRARIES (037)

supplies, including building, public safety, and janitorial supplies. For FY 2016, this line item budget totals \$3,000 and BCPL projects spending for these supplies will approximate \$18,000.

The proposed FY 2017 budget includes \$13,900 for operational supplies, including building supplies (\$12,900) and public safety supplies (\$1,000), under the janitorial supplies line item but no funds for janitorial supplies, although BCPL had requested \$38,000 in its FY 2017 budget request. The Budget Office advised that the \$38,000 request was deleted following a determination by the Budget Office, working collaboratively with the Division and BCPL, that adequate janitorial supplies will be provided.

BCPL should be prepared to discuss:

- ***Details of FY 2015 spending, including the need for spending on janitorial supplies; and***
- ***Any concerns regarding contracted janitorial services and adequate levels of janitorial supplies.***

BALTIMORE COUNTY
FISCAL YEAR 2017 RECOMMENDED BUDGET

DEPARTMENT OF LIBRARIES (037)

APPROPRIATION DETAIL

	<u>FY 2015 ACTUAL</u>	<u>FY 2016 APPROP</u>	<u>FY 2017 REQUEST</u>	<u>NET CHANGE</u>	
				<u>AMOUNT</u>	<u>%</u>
<u>General Fund</u>					
3701 General Administration					
General Fund	\$ 7,209,962	\$ 6,802,388	\$ 6,448,710	\$ (353,678)	-5.2%
Special Fund	1,314,414	1,547,000	1,570,085	23,085	1.5%
Total	<u>8,524,376</u>	<u>8,349,388</u>	<u>8,018,795</u>	<u>(330,593)</u>	<u>-4.0%</u>
3702 Circulation/Information Services					
General Fund	15,130,645	15,144,951	15,624,905	479,954	3.2%
Special Fund	3,517,744	3,346,100	3,709,308	363,208	10.9%
Total	<u>18,648,389</u>	<u>18,491,051</u>	<u>19,334,213</u>	<u>843,162</u>	<u>4.6%</u>
3703 Customer Support Services					
General Fund	9,950,809	9,474,122	9,436,907	(37,215)	-0.4%
Special Fund	1,987,490	2,118,500	2,146,692	28,192	1.3%
Total	<u>11,938,299</u>	<u>11,592,622</u>	<u>11,583,599</u>	<u>(9,023)</u>	<u>-0.1%</u>
3704 Buildings/Vehicle Maintenance & Operation					
General Fund	1,271,538	1,342,692	1,339,428	(3,264)	-0.2%
Special Fund	458,280	311,900	353,124	41,224	13.2%
Total	<u>1,729,818</u>	<u>1,654,592</u>	<u>1,692,552</u>	<u>37,960</u>	<u>2.3%</u>
Grand Total	<u>\$ 40,840,882</u>	<u>\$ 40,087,653</u>	<u>\$ 40,629,159</u>	<u>\$ 541,506</u>	<u>1.4%</u>
<u>Funds Recap:</u>					
Total General Fund	\$ 33,562,954	\$ 32,764,153	\$ 32,849,950	\$ 85,797	0.3%
Total Special Fund	<u>7,277,928</u>	<u>7,323,500</u>	<u>7,779,209</u>	<u>455,709</u>	<u>6.2%</u>
All Funds Total	<u>\$ 40,840,882</u>	<u>\$ 40,087,653</u>	<u>\$ 40,629,159</u>	<u>\$ 541,506</u>	<u>1.4%</u>

BALTIMORE COUNTY
FISCAL YEAR 2017 RECOMMENDED BUDGET

DEPARTMENT OF LIBRARIES (037)

PERSONNEL DETAIL - FULL-TIME EQUIVALENT POSITIONS

	FY 2015 ACTUAL	FY 2016 APPROP	FY 2017 RECOMM	NET CHANGE
3701 General				
Administration	18	18	17	(2) ⁽¹⁾
3702 Circulation/Information				
Services	404	393	423	29 ⁽¹⁾
3703 Customer Support				
Services	85	66	61	(5)
3704 Buildings/Vehicle				
Maintenance & Operation	12	7	8	1
All Funds Total	519	485 ⁽¹⁾	509	24 ⁽¹⁾

⁽¹⁾ Difference due to rounding of FTEs