

2020-21 Budget Draft: An explanation:REVISED AND UPDATED as of 9/4/2020

At the August Advisory Meeting, the membership reviewed this document and the attached budgets and voted to forward them to the LLC Board for discussion and a vote. One change has been made to the packet since that time. The amount of money required for Bibliocore in the Capital Budget has been reduced from \$50,000.00 to \$30,000.00 due to further price negotiation. This is discussed further in my board report and is reflected in the attached documents:

From the August Advisory packet:

FY2020-21 will be unprecedented in so many ways. How do we plan? How do we budget? How do we support our member libraries during these uncertain times and continue to move the cooperative forward? This document is an attempt to explain our process and the contents of the attached documents.

At the July Advisory Board meeting, small discussion groups were assembled via breakout rooms using Zoom to discuss what Lakeland should focus on in 2020-2021. It was gratifying to hear similar ideas from all of the groups: retain staff due to their outstanding support to the member libraries, continue with delivery, support the member library staffs in their use of the ILS and IT and move forward with new user-focused technology.

By focusing on these 4 areas, we were able to make basic determinations:

- 1. **Staffing:**
 - a. As you know, we just increased staff hours last year in order to utilize current staff more efficiently.
 - i. Adding a full-time Finance and HR Assistant provided the director with more time to focus on consulting and support of the member library directors. These staff members provide invaluable service to LLC staff and to the member libraries in group purchases, promotional and informational materials, minutes and board meeting preparation, budget preparation and accounting and QuickBooks support for member libraries.
 - ii. The promotion of the lead cataloger to Cataloging Services Manager has also helped considerably. He manages the two catalogers and their productivity has increased including more patron access of e-resources, original cataloging, less backlog, and more cataloging of ephemeral items.
 - iii. This change also allows the ILS Manager to keep her focus on the day to day operations and maintenance of the Sierra Integrated Library System and working with the IT department they were able to address problems immediately rather than in a delayed fashion.
 - b. There is not one staff member that could have a reduction of hours without serious impact of the rest of the staff and the services we provide to our members. Cutting salaries is much more effective than cutting staff. We are such a lean operation that eliminating any one position would have a more negative impact and not provide the needed fiscal relief.

- i. It was determined that the director should take a 15% reduction in salary and a 3% decrease in the received defined contribution benefit.
- ii. Other managers should have a 10% salary reduction.
- iii. The support staff salaries will remain the same as in 2019-2020.
- iv. These cuts and changes in health coverage for family members who have aged out the plan and other minor adjustments provide an approximate savings of \$55,500.00.
- v. It should also be noted that if the state aid cuts are not as deep as anticipated then salaries for managers and then the coop director should be reinstated whenever possible.

2. Delivery:

- a. Although delivery was halted for 3 months during the crisis, levels are back to normal and then some. Member libraries rely on this service to meet the needs of their patrons without having to increase their materials budget. Our 6-member delivery team excels in providing resource sharing in a timely and efficient manner.
- b. Delivery is a valued service and should not be cut. That being said, the Facilities and Delivery manager will prepare a cost benefit analysis of several aspects of delivery for 2021-22 including increases and decreases in resource sharing and adjusting routes accordingly, leasing vehicles and outsourcing options and looking at shared space and other options for the current building.

3. ILS and IT:

- a. With all of the demands that Covid-19 brought onto the system, it was and will remain essential that the ILS has a full-time manager.
- b. In regards to technology, the ILS and IT department have worked with every single library to integrate e-resources and other products into the shared ILS and to improve connectivity and response time.
- c. Staff has also revamped statistical reports, rolled out new products such as Itiva, Capira (almost live), completed a major migration to a hosted server environment for the ILS and assisted numerous libraries with their broadband and network infrastructure.
- d. Cataloging materials may change as collections and budgets change. We will need to assess the needs for cataloging traditional materials vs e-resource and how that will impact staffing, authority control and usage of our bibliographic utility. The Cataloging Services Manager will gather data in the coming year and provide options for the next budget cycle.
- e. Lakeland now has hosted servers through our ILS vendor that are managed via cloud services. These servers while managed remotely are a major capital expense and will continue to be so as long as we have an ILS. We established three budgets last year so that we can have annual costs defined as operating, capital and pass-through. For ease of planning, we recommend that we utilize all 3 budgets and move this cost into the capital budget for consistency. Servers can be viewed as capital expense just like delivery trucks regardless of whether they are leased or purchased. We could also establish a restricted fund for this use if that provides more clarity.

4. User Focused Technology:

- a. The shared concern among the members is if patrons/users do not feel comfortable entering the library, how do we improve the user experience? This has always been an issue but never has it been so important.
 - i. Our current OPAC is dated, slow and lacks functionality that patrons not only expect but can't understand why it isn't available and often walk away from the search process because it doesn't provide easy access or a satisfying user experience.
 - ii. The membership believes that a new public access catalog is necessary to increase and improve access to materials, engage users in new and exciting ways and promote library use remotely and within the library in a cost-effective manner.
 - iii. Although cuts are necessary, we propose moving forward with Bibliocore for an effective, state of the art user experience. The other benefit of moving forward with this product is that Grand Rapids Public Library and Kent District Library are or will be using this product as well. In essence, we will have one search option for most of the residents of West Michigan.

Now that we have addressed the major areas of concern of the membership, what can we do to create a budget that preserves the best of Lakeland, grows the organization **and** keeps us fiscally responsible and solvent during these uncertain times?

If we limit spending in both the capital and operating funds for the remainder of FY2019-20, we anticipate that we will have \$939,839 in unrestricted funds in our fund balance by September 30th, 2020. This is far higher than anticipated since we didn't spend budgeted money on new products and projects due to the pandemic and then in anticipation of budget cuts. The attached budget uses revenues from libraries, the remaining state aid and funds from our reserves to create a balanced budget.

Lakeland received \$513,625 in state aid in 2019-2020. This is approximately 40% of \$1,256,641.00 in the 2019-2020 operating budget. The estimates for cuts in state aid for 2020-2021 are anywhere between 37% (as it was in 2009-2010) and 50%.

The attached 2020-2021 draft budget documents focus on the cuts outline above and the following:

- A 50% cut in state aid, which would be a 20% cut overall or \$256,930.00. If cuts are less, we can adjust more easily than if we underestimate cuts and must cut further during the budget year.
- Steep cuts in service areas not mentioned above are also included in this budget. They will be reinstated as additional revenue from state aid is available.
- We have drafts for revenues and expenditures with and without the inclusion of Bibliocore. It should also be mentioned that Herrick was not included in the Bibliocore costs since they have their own installation. Herrick will benefit from some of the LLC System-wide product add-ons.
- In order to offset cuts in State Aid, we have applied fund balance reserves to the operating budget and incorporated this amount when calculating costs for each library. A chart is included.
- We have included a draft for the Capital Budget which uses reserves from the fund balance to fund the new public access catalog implementation costs, the annual costs of the hosted servers and limited capital expenditures for technology and the building.

- A Pass-Through Budget is also included with estimates based on this past year and future purchases.
- In FY2021-22, the operating budget will decrease by \$27,000.00 due to the removal of Encore, our current public access catalog. We will also review all the cost savings options outlined above and the cuts within the FY2021 budget. There is also hope that state funding will be reinstated gradually over a few years.

Lakeland Library Cooperative
FY2020-21 Operating Budget -Approved 9/10/20

	Total FY2020-21	Total FY2019-20	FY2020-21 Over/(Under) FY2019-20	Notes
Revenue by Libraries:				
Administration & IT	217,985	186,134	31,851	
Delivery	75,114	20,467	54,647	
Cataloging	161,414	191,907	(30,493)	
ILS	284,512	328,539	(44,027)	
State Aid	256,930	513,625	(256,695)	1
Other Revenue:				
Investment Revenue	2,500	6,000	(3,500)	
Rebates	200	200	-	
Affiliate Memberships	-	125	(125)	
Total Revenue	<u>\$ 998,655</u>	<u>\$ 1,246,997</u>	<u>\$ (248,342)</u>	
Fund Balance Reserves:				
Fund Balance-Unassigned	280,000	9,644	270,356	2
Total Revenue and Reserves	<u><u>\$ 1,278,655</u></u>	<u><u>\$ 1,256,641</u></u>	<u><u>\$ 22,014</u></u>	
Expenses				
Salaries/Taxes	717,200	710,748	6,452	3
Benefits	121,200	134,925	(13,725)	
Liability Insurance	15,900	16,704	(804)	
Cataloging Services	54,000	51,510	2,490	
ILS Services	237,200	158,449	78,751	4
IT Equipment and Services	25,500	33,549	(8,049)	
Professional Services	6,980	14,070	(7,090)	
RIDES Delivery	7,275	6,627	648	
Building & Grounds	40,700	41,487	(787)	
Transportation	41,025	41,019	6	
Mileage	1,500	3,449	(1,949)	
Professional Development	6,175	33,679	(27,504)	
Supplies	4,000	4,425	(425)	
Contingency	-	6,000	(6,000)	
Total Expenses	<u><u>\$ 1,278,655</u></u>	<u><u>\$ 1,256,641</u></u>	<u><u>\$ 22,014</u></u>	5

Notes:

- 1 - Reflects an expected 50% reduction in state aid
- 2 - Replaces state aid reduction with FB reserves
- 3 - No wage increases, salaries remain flat.
- 4 - Includes Bibliocore - contingent upon affordability in negotiated costs
- 5 - Percent change is 1.8%

Lakeland Library Cooperative
FY2020-21 Cost Per Library Summary -Approved 9/10/20

Library	FY2020-21 TOTAL LLC Fees	Total FY2019-20 LLC Fees	FY19-20 Over (Under) FY18-19
AB Salem Township (Burnips)	15,059	13,856	1,203
AD Dorr Township	14,103	13,165	938
AF Fennville District	17,353	17,373	(20)
AH Hopkins Public	12,405	11,472	933
AL Leighton Township (Moline)	13,834	14,134	(301)
AS Saugatuck-Douglas District	13,420	12,335	1,084
AW Henika District (Wayland)	14,429	13,545	883
BF Freeport District	12,310	11,296	1,014
BH Hastings Public	16,798	15,488	1,311
BM Thornapple-Kellogg (Middleville)	15,245	14,476	769
EC Cedar Springs Public	14,782	13,903	879
ES Sparta Carnegie Township	14,557	14,341	217
GR Grand Rapids Public	6,413	6,274	139
HO Herrick District (Holland)	34,132	42,731	(8,599)
IB Alvah N. Belding Memorial	15,600	15,353	247
IC Ionia Community	19,001	18,383	619
IL Lake Odessa Community	14,096	13,445	650
IS Saranac/Clarksville Public	16,570	15,527	1,043
KU Kent District	5,710	4,266	1,444
MA Carson City Public/Crystal Public	16,075	14,412	1,663
ME Home Township (Edmore)	11,884	10,777	1,107
MG Flat River Community (Greenville)	22,008	20,109	1,899
MH TCH Reynolds Township (Howard City)	14,885	14,355	530
ML Tamarack District (Lakeview)	15,934	14,797	1,137
NC Croton Township Library	12,090	11,014	1,076
NF Fremont Area District	17,954	18,195	(241)
NG Grant Area District	15,649	14,881	768
NH Hesperia Community	13,283	12,160	1,123
NN Newaygo Area District	14,085	13,081	1,004
NW White Cloud Community	15,572	13,577	1,995
OA Allendale Township	20,230	21,703	(1,472)
OC Coopersville Area District Library	16,484	15,202	1,282
OG Georgetown Township (Jenison)	30,515	41,412	(10,897)
OH Gary Byker (Hudsonville)	16,935	17,530	(595)
OJ Patmos (Jamestown)	14,662	13,809	853
OL Loutit District (Grand Haven)	21,650	20,195	1,455
OS Spring Lake District	21,876	22,089	(213)
OZ Howard Miller (Zeeland)	22,195	21,858	337
SF Fruitport District Library	17,991	16,854	1,137
SM Hackley Public (Muskegon)	22,026	20,819	1,207
SW White Lake Community	14,613	16,385	(1,772)
UM Muskegon Area District	64,612	60,467	4,144
TOTAL	\$ 739,024	\$ 727,047	\$ 11,977

LAKELAND LIBRARY COOPERATIVE
FY2020-21 Capital Fund Budget - Approved 9/10/20

Capital Expenses:	Budget FY2020-21	Budget FY2019-20	FY2020-21 Over/(Under) FY2019-20	Notes
Technology - IT Hardware	62,500	19,000	43,500	1
Technology - ILS	30,000	230,000	(200,000)	2
Building Improvements	7,500	52,000	(44,500)	3
Total Expenses	\$ 100,000	\$ 301,000	\$ (201,000)	

Capital FB Reserves:

Total FB Reserves	\$ 100,000	\$ 301,000	\$ (201,000)	
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Notes:

- 1 - Hosted Servers
- 2 - Bibliocore Implementation
- 3 - Emergency building expense

Lakeland Library Cooperative
 FY2020-21 Pass Through Budget -Approved 9/10/20

	FY2020-21 Budget	FY2019-20 Budget	FY2020-21 Over/(Under) FY2019-20
Revenue			
Ecommerce Fines	40,000	60,000	(20,000)
Group Purchases	56,000	83,000	(27,000)
Group Subscription Services	116,900	83,750	33,150
ILS Services	30,000	25,000	5,000
IT Support & Services	350	350	-
Library Supplies	6,600	6,100	500
Miscellaneous Purchases	250	250	-
Total Revenue	\$ 250,100	\$ 258,450	\$ (8,350)
Expenditures			
Quarterly Fines	40,000	60,000	(20,000)
Group Collections	56,000	83,000	(27,000)
Group Subscriptions	116,900	83,750	33,150
ILS Services	30,000	25,000	5,000
IT Support & Services	350	350	-
Library Supplies	6,600	6,100	500
Other Purchases Expense	250	250	-
Total Expenses	\$ 250,100	\$ 258,450	\$ (8,350)