

MEMORANDUM

September 20, 1990

MEMO TO: Honorable Mayor and City Council

FROM: Library Board of Trustees

SUBJECT: 1991/92 Levy

On Monday, September 24, the Library Board of Trustees will meet with you to discuss the library's financial requirements for 1991/92. The library's levy request is due October 31, 1990. We have compiled the following report to present a clear picture of Decatur Public Library's current financial situation.

DECLINING REVENUE

In the 1990/91 budget, 83% of the library's revenue is derived from the property tax levy. Other revenue sources will decline sharply during 1990/91. The replacement tax, originally projected to produce \$200,000 in 1990/91, is now expected to generate only \$141,000. To compensate for this loss, the Board reduced library expenditures and increased fines on overdue materials.

Replacement Tax

| | Actual | Projected |
|------|---------|------------|
| 1984 | 60,202 | |
| 1985 | 126,015 | |
| 1986 | 121,832 | |
| 1987 | 140,763 | 120,000 |
| 1988 | 169,712 | 140,000 |
| 1989 | 150,696 | 200,000 *1 |
| 1990 | | 141,000 *2 |

*1 Based on 20% tax increase

*2 Illinois Dept. of Revenue projection 9/11/90

The Illinois State Library Per Capita Grant is based upon the population of Decatur. Based upon recent census figures, the library could lose \$10,000 per year for the next ten years.

On the positive side, we expect fines and fees to rise approximately \$10,000 because of increased circulation and the new fine rates.

Over the past four years, the library has also been awarded \$235,000 in grants. Baby TALK and the Business Information Center grants have established Decatur Public Library as an outstanding, innovative library in Illinois. We

will continue to apply for grants and build upon this tradition, but it should be noted that grants do not pay for operating expenditures--they are generally awarded for new projects and programs.

The library appreciated the City Council's \$158,000 support last year from the state income tax increase. These funds are being used to purchase materials and pay for state-mandated conversion of the library database. Residents of Decatur will have improved access to the collections and benefit from more efficient service.

The following projections are based upon the current levy of 43 mills and an anticipated 1% growth rate of assessed valuation.

| | Income | | | | |
|--------------|-----------|-----------|-----------|-----------|----------|
| | 1989/90 | 1990/91 | 1991/92 | 1992/93 | 1993/94 |
| Fund Balance | 204,680 | 172,578 | 129,700 | 21,914 | -108,511 |
| Property tax | 1,855,000 | 1,935,135 | 1,954,486 | 1,974,031 | |
| Repl. tax | 150,696 | 141,000 | 141,000 | 141,000 | |
| Grants | 145,830 | 110,000 | 84,000 | 84,000 | |
| Fines & fees | 62,256 | 65,800 | 70,000 | 74,000 | |
| Interest | 42,900 | 57,400 | 45,000 | 35,000 | |
| Total | 2,461,362 | 2,481,913 | 2,424,186 | 2,329,945 | |
| Expenditures | 2,288,784 | 2,352,213 | 2,402,272 | 2,438,456 | |
| Carry-over | 172,578 | 129,700 | 21,914 | -108,511 | |

WHAT ARE DECATUR RESIDENTS GETTING FOR THEIR TAX DOLLARS?

Nationally, libraries circulate 6.1 books per capita. Decatur Public Library circulates 8.7 per capita (based upon a population of 93,939). In addition, DPL expenditures are 2.5% below the national average.

Illinois statistics for libraries serving populations of 75,000 to 249,999 show:

- * DPL ranks in the 75th percentile in transactions per employee. This means that our employees work more efficiently than close to 75% of the library employees in the United States. (See Figure I)
- * DPL ranks in the 25th percentile in the number of employees to serve the public.
- * DPL ranks in the 50th percentile in money spent and number of circulations. Basically, Decatur residents are getting more for their tax dollar than library users receive in at least one-half of the communities in the United States. (See Figure II)
- * Decatur has the lowest assessed value of the nine cities ranked.

Over the past ten years, circulation increased 38% while staffing increased only 14%. It costs less today for DPL to circulate an item than it did in 1980.

FIGURE I

Transaction Comparisons With Illinois Libraries, 1988/89

| | per employee | per capita | per item held | per hour open |
|-------------|--------------|------------|---------------|---------------|
| Aurora | 13,005 | 7.9 | 2.4 | 189 |
| Decatur | 14,372 | 8.3 | 3.2 | 218 |
| Elgin | 11,802 | 6.7 | 2.1 | 142 |
| Joliet | 13,118 | 5.2 | 1.8 | 111 |
| Naperville | 13,613 | 10.8 | 4.9 | 230 |
| Peoria | 8,907 | 6.2 | .9 | 227 |
| Rockford | 12,552 | 7.1 | 2.0 | 288 |
| Schaumburg | 19,531 | 17.9 | 4.8 | 468 |
| Springfield | 14,064 | 9.9 | 2.6 | 293 |

FIGURE II

Public Library Circulation & Expenditures
(Annual Indexes for a Sample of American Public Library 1980-1989)

| | | | | | | | | | | |
|-----------------------------|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| | 1980 | 81 | 82 | 83 | 84 | 85 | 86 | 87 | 88 | 89 |
| Circulation - U.S. | 100 | 104 | 107 | 107 | 109 | 111 | 111 | 118 | 121 | 124 |
| Circulation - DPL | 100 | 104 | 108 | 113 | 117 | 119 | 124 | 125 | 134 | 138 |
| Expenditures - U.S. | 100 | 110 | 121 | 130 | 145 | 159 | 176 | 181 | 196 | 200 |
| Expenditures - DPL | 100 | 115 | 123 | 134 | 140 | 162 | 175 | 180 | 191 | 195 |
| U.S. Dollar | 100 | 100 | 104 | 108 | 115 | 121 | 133 | 131 | 140 | 137 |
| Circulation per capita U.S. | 4.7 | 5.2 | 5.2 | 5.4 | 5.8 | 5.4 | 5.6 | 5.7 | 5.7 | 6.1 |
| Circulation per capita DPL | 6.1 | 6.3 | 7.1 | 7.1 | 7.5 | 7.8 | 8.1 | 8.1 | 8.1 | 8.7 |

REVENUE PROJECTIONS

(based on the current millage rate)

| | <u>1990/91</u> | <u>1991/92</u> |
|-------------------|------------------|------------------|
| Beginning balance | 172,578 | 129,700 |
| Property tax | 1,935,135 | 1,954,486 4 |
| Replacement tax | 141,000 1 | 141,000 1 |
| Grants | 110,000 | 84,000 5 |
| Fines & fees | 65,000 2 | 70,000 2 |
| Interest | 57,400 3 | 45,000 |
| TOTAL | <u>2,481,913</u> | <u>2,424,186</u> |
| | | |
| Expenditures | <u>2,352,213</u> | <u>2,461,898</u> |
| Carry-over | \$129,700 | -\$37,712 |

1. Illinois Dept. of Revenue projection 9/90
2. Increase fine revenue
3. \$20,000 for materials from temporary state income tax increase
4. 1% increase in assessed value of Decatur
5. Decreased population and loss of BIC grant

The Library Board of Trustees proposes the following increases for 1991/92:

| | |
|--------------------------------|------------------|
| Declining revenue | \$70,000 |
| Step increases | 24,000 |
| 3% cost of living pay increase | 51,000 |
| Health insurance rates +13% | 10,300 |
| Electricity/gas | 6,000 |
| Telephone | 1,500 |
| Postage rate | 1,000 |
| Gasoline | 700 |
| Materials budget | 10,000 |
| Sub-total | <u>\$174,500</u> |
| Budget cuts recommended | -31,727 |
| TOTAL | <u>\$142,773</u> |