

GENERAL BUDGET THEORY

All Wisconsin libraries and systems are taking multiple financial and service reductions and we are all preparing to make sacrifices. Budgets first of all should reflect the priorities and mission of an organization. The SCLS mission is to help our 53 member libraries provide the best possible service to the public. SCLS staff has been reviewing and researching all parts of our budget to see what changes can be made to reduce the dollars with the least impact upon our members. We reviewed contracts and talked with vendors like Madison Public Library, our two landlords, the service vendors, OCLC, WILS, WPLC, and WLA. We reviewed expenditures over the past 3 years. As a part of this process, members were asked to complete a 2012 Budget Priorities Poll at the All Director's meeting. The poll was also placed on-line for members to complete. It was completed by 47 of the 53 members. The results were used to help SCLS prioritize services.

In 2012, SCLS, like other systems, will experience a 10% cut in state aids. For SCLS this means a reduction of \$ 228,593. Higher facility costs lower interest rates and reduced delivery service will all negatively impact the SCLS budget. It will also be the first year that members are charged directly for their technology costs related to the SCLS network.

Some of the changes SCLS implemented in 2011 will remain in its 2012 budget including the elimination of the Associate Director position, the early morning and the Saturday computer operator positions at headquarters, 4 positions in Delivery and the cancellation of the system celebration. In 2012 there will be no cost of living increases for staff and SCLS will not be adjusting staff salaries to compensate for state mandated employee pension and health insurance contributions.

We are preparing for 2012 and beyond by budgeting conservatively and keeping as much reserve as possible. About 6 % of our total budget is reserved in our "contingency/interlibrary loan/delivery" fund. This sum, added to whatever additional dollars show up in our audit or can be saved in other accounts, represents our primary resource to enable us to cope with rising service demands and to take advantage of new opportunities.

The 2011 Budget Column uses the 2011 mid-year budget adjustment numbers to reflect the 2011 audited amounts.

PROJECTED REVENUES

1. (4010) This is the formal state aid estimate provided to SCLS by DLTCL for 2012.
2. (4030) This account is the projection for interest earnings for the state pool fund and SCLS money market account with First Business Bank. Interest rates continually fell in 2011 and are not projected to recover in 2012.
3. (4040) Our interest earnings shown under #2 above reflect our practice of investing funds on behalf of member agencies that desire this service. This account is required to reflect the

share of the total interest earned that belongs to our members (traditionally anything over 1%) rather than to SCLS. This amount continues to be \$0 for 2012 because the State Pool Investment Fund is unlikely to pay 1% or more in 2012.

4. (4050) This carryover figure is an estimate, and will be finalized as part of our annual audit.

5-6. (4090-4110) Green and Sauk Counties each appropriate funds to pay for their respective county library services, and entrust the administration of these funds to South Central. The sums represent proposed county budgets which have yet to be ratified by their county boards of supervisors, so they may very well need to be revised early next year. Additionally, both projected amounts have been reduced by the amount of board expenses and certain insurances. The counties retain these funds, and bills pertaining to these categories are paid directly by the counties. These county budgets include a portion of the cost of delivery services.

7. (4120) Adams, Dane, Portage and Wood counties contract for a portion of the cost of delivery services. County and member library delivery fees are approved at the All-Director's meeting. Dane County is receiving an increase due to the addition of Fitchburg. All other fees are remaining at 2011 levels.

8. (4130) This sum pays for additional delivery for various libraries throughout the system. This sum is currently paid by the libraries rather than by their respective counties. Fees will remain at 2011 levels except for the addition of Fitchburg.

9. (4170) LINK Express: This is an estimate based on past use of current LINK Express customers. Customers are billed according to their actual on-call use. We suspect with cuts schools are facing that some of these customers may reduce use or drop service, however this is an unknown. Pricing rates remain the same in 2012 as 2011.

Intersystem including: Public Library Systems, UW System and Others: Pricing has been recalculated for the statewide service. This was done due to lower labor costs as a result of the state mandated employee contributions to health insurance and retirement. Also 12 of the public library systems are reducing their frequency of service from 5 days per week to 4 days.

10. (4180) This account reflects the income earned through special delivery services, including the contract with UW-Madison/Google for a book digitization project. The frequency we have served them is going to be reduced, thus the reduction in projected revenue.

11. (4220) SCLS and the Wisconsin Library Association (WLA) will continue to share quarters in the facility at 4610 S. Biltmore Lane. This account represents the 2012 gross rent due from WLA.

12. (4241) This is a new account for 2012. The sum represents the share paid by SCLS member libraries toward the Library On-Line service provided by SCLS.

13. (4242) This sum represents the share paid toward ILS and technology expenses by SCLS member libraries.

14. (4245) At the April 2011 Administrative Council meeting, a vote was taken to accept the Cost Formula Work Group's recommendation to split the remaining combined LINK consortium expenses and income into technology and ILS. The division is reflected in accounts 4245 and 4270. The money in this account is to be used for unexpected replacements of equipment or projects involving Technology.

15. (4270) The money in this account is to be used for unexpected expenses and future development of the SCLS integrated library system.

16. This LSTA grant is complete. SCLS will apply for another and if awarded will be shown in the 2012 mid-year budget adjustment.

17. This LSTA grant is complete.

18. (9113) This is a non-competitive Library Services and Technology Act Grant. It will provide additional support for the statewide portion of our delivery service, thus reducing each public library system's required contribution to the service.

19. This LSTA grant is complete.

20. This LSTA grant is complete.

21. This LSTA grant is complete and will not be offered in 2012.

22. This LSTA grant was awarded but implementation was delayed due to an overwhelming work load and reduction in force by the vendor. It will be completed in 2012 and the money released according to DPI.

23. This LSTA grant is a state supplement to help create a million dollar purchasing pool for all public libraries in Wisconsin to purchase on-line content through WPLC.

24. (9170) This is the SCLS member libraries' contributions to help create a million dollar purchasing pool for all public libraries in Wisconsin to purchase on-line content through WPLC.

PROJECTED RESOURCES TOTAL: \$8,759,384

**PROJECTED EXPENDITURES
INTERLOAN AND RESOURCE SERVICES**

I.A. (5130) This account includes two separate contracts with our system resource library. The first, our statutory contract, pays for backup interlibrary loan and reference service. The

second, our supplementary contract, purchases a wide variety of items including in-demand items. These contracts fund a wide range of services for all system residents, including the percentage of our population that resides in Madison. It will remain at the 2011 level.

I.B. (5230) If library materials from our system member libraries are lost or damaged during the interlibrary loan process, the patron responsible is charged. If, however, physical damage to the item occurs because of our delivery service, then the system makes good on such losses, up to the amount in this account.

I.C. (5260) This fund was reduced by 10% to match the system aid reduction. It also received a low priority rating by members during the budget poll.

I.D. (5310) This account funds both our OCLC direct interlibrary loan charges and also any costs to borrow from libraries that charge to loan items. It is increased slightly to hedge against any OCLC fee increases.

I.E. (5320) This account covers the cost of the WorldCat database from OCLC and pays our Wisconsin Public Library Consortium (WPLC) membership, which includes funding OverDrive and netLibrary, electronic book and audiobook providers. It is increased by \$30,000 to help offset member costs to join the WPLC Digital Media Purchasing Pool in 2012.

ILS AND TECHNOLOGY SERVICES

II. The expenses in this section, along with the employee benefits for the technology and ILS staff, are funded by accounts 4242, 4245 and 4270 and a \$234,000 contribution from SCLS. The budgets for both technology and ILS were approved at the All Director's meeting.

II.A. (5530) This account pays for the annual PTFS/LibLime support/maintenance contract. The 2011 sum represented the final payment to LibLime for migration services and development.

II.B. (5535) This account will be used to pay PTFS/LibLime for additional development to the Koha product.

II.C. (5540) This account pays for all maintenance and startup for add-ons to the ILS system. This includes enhanced content for the catalog, maintenance for the tele-messaging system, maintenance for RFID conversion kits and inventory wands.

II.D. (5545) This account pays for the lines and local/long distance charges for the tele-messaging system.

II.E. (5550) This account pays the salary costs of the staff members required to manage the ILS. The increase is due to SCLS picking up half the salary of the cataloging assistant who was previously funded by the Madison Community Foundation.

II.F. (5551) This account funds the contract with Madison Public Library for the provision of cataloging services to all ILS member libraries, including Madison. This amount is based on actual 2010 experience, with a 0.51 % increase in the per title cost, based on an increase in the

Urban Consumer Price Index (\$466,299). This account also funds all OCLC charges (\$76,500) related to cataloging.

II.G. (5552) This account pays for vendor authority control on our database and the annual subscription service that provides MARC records for electronic journals.

II.H. (5555) This account pays for router and server maintenance for the SCLS network

II.I. (5560) This account covers upgrades to servers and central equipment needed for the SCLS network

II.J. (5565) This account covers software licenses needed for either the central servers or for workstations attached to the SCLS network

II.K. (5570) This account covers expenses for the PC technicians, including miscellaneous cables and peripherals, and cell phone expenses.

II.L. (5575) This account pays for all charges for the SCLS network internet connections and connections to libraries participating on the SCLS network. These costs include the BadgerNet TEACH lines for libraries currently participating in the SCLS network, WiscNet charges (for Internet service and membership) and annual costs for the Madison Unified Fiber Network. The account was increased since WiscNet charges were paid with LSTA money in 2011 and will not be LSTA funded in 2012.

II.M. (5580) This account pays the salary costs of the technology staff members. The reduction reflects the layoff of a computer operator.

II. N. (5585) This account represents the contingency approved by the Administrative Council to be dedicated to technology projects. It is intended to be used for unexpected expenses, as approved by the Technology Committee.

II.O. (5590) This ILS fund is equal to the amount in ILS carryover income account (4270). It is intended to be used for unexpected expenses and future development of the SCLS ILS.

II.P. (5591) This fund is for the costs to manage and maintain the Library Online servers housed at SCLS HQ and client software upgrades, as well as the day-to-day technical support provided by SCLS Technology Staff. The costs associated with managing the Library Online servers include hardware replacement, software licenses and a portion of the Library Technology Project Support Specialist's salary.

MULTITYPE LIBRARY COOPERATION

III.A. (5510) SCLS works to develop multi-type cooperation and partnerships throughout the system, and to fulfill our statutory mandates related to multi-type libraries. This account funds the multitype coordinator who is to develop and manage our multi-type activities at 10 hours per week.

III.B. (5520) This account is available for small multi-type projects.

PUBLIC INFORMATION SERVICES

IV.A. (5710) This account funds employees involved in our public information service, including the Public Relations/Marketing Coordinator, and 70% of the time of our Building and Design Consultant and 70% of the Web Services Specialist's time.

IV.B. (5740) This account pays for contracted printing services from Madison Public Library, Badger State Industries, and other sources. The same amount as budgeted in 2011 should suffice for 2012.

IV.C. (5750) This category pays for the paper, art, office, and computer supplies necessary to our public information service, and for "free-lance" art services when required. It is reduced as a cost savings measure.

IV.D. (5760) This account covers equipment purchases, the lease for the copiers at SCLS Headquarters and the SCLS copier at Madison Public Library, and all printing done on these copiers. The copier contract was renegotiated in August 2011 resulting in a lower cost for 2012.

IV.E. (5770) This account was zeroed out since the 2011 amount was not adequate to fund a well produced campaign and would have been reduced further. The limited fund was not used in 2011 at all.

CONSULTANT SERVICES

V.A. (6010) This account funds all consultant/coordinator staff, including the Public Library Administration Consultant, Youth Services and Outreach Coordinator, 75% of the Continuing Education and Multitype Coordinator, 20% of the time of the System Director, 5% of the Library Electronic Resources Support Specialist and 30% of the time of the Building and Design Consultant (used for building consultation). It is reduced slightly due to the elimination of the Associate Director's position.

V.B. (6040) This budget category includes funds for some South Central representation at selected American Library Association Conferences and the Wisconsin Library Association's Annual Conference. It also pays for a number of smaller continuing education events throughout the year, often including professional seminars concerning new developments in the library field. The largest share of this account, however, goes to pay mileage for employee visits throughout the system area. Quick and effective response to the needs of our member libraries is a vital system task, and it is not unheard of for a single employee to travel more than 1000 miles in a single month. Since it is clear that our employees must attend most conferences to officially represent SCLS as opposed to going primarily for their own benefit, SCLS pays the required dues for our professional employees, as we do for our board, to belong to the necessary associations at which we require representation. Reduced as a cost savings measure.

GREEN COUNTY LIBRARY SERVICES

VI.A-E. (6210-6340) The South Central Library System has handled Green County library funds for many years. The decisions in this budget category have been made by the Green County Library Board, and reflect the purchase of centralized county services of various sorts, including resource library service, the provision of bulk book collections, their portion of delivery service, reimbursement to county libraries for walk-in use by rural residents, and reimbursement for use by rural residents across certain borders. It should be noted that the funds budgeted for delivery services by Green County do not appear in this section total. This is because delivery income is included for purposes of expenditure as part of our delivery budget in section IX. At this time, the sums shown represent the budget proposed to the county board of supervisors, but not yet acted upon.

SAUK COUNTY LIBRARY SERVICES

VII.A-D. (6610-6699) This section of the budget consists of Sauk County Library Service funds, managed by South Central. The decisions in this budget category have been made by the Sauk County Library Board, and reflect the purchase of centralized county services of various sorts, including resource library service, their portion of delivery service, reimbursement to county libraries for walk-in use by rural residents, and reimbursement for use by rural residents across certain borders. It should be noted that the funds budgeted by Sauk County for delivery services do not appear in this section total. This is because delivery income is shown for purposes of expenditure as part of our delivery budget in section IX. At this time, the sums shown represent the budget proposed to the county board of supervisors, but not yet acted upon.

CONT. ED. AND PROF. DEVELOPMENT

VIII.A. (7010) Each year South Central produces a number of continuing education and training programs for member libraries. Some of these are annual events. Others are developed in response to current needs, and cover various "hot" topics in the library world. Still others provide the "hands on" training our members require to cope effectively with new technologies. Although we provide much of this training ourselves, in some cases outside presenters are required.

VIII.B. (7030) South Central maintains a small collection of books and other materials in specialized areas of librarianship such as building and furnishing libraries, children's services, and library administration. These materials are utilized by staff and are checked out by member libraries and/or their customers. A decrease for 2012 is budgeted for this account to better match actual expenditures from the last 3 years.

VIII.C. (7050) Many expensive book reviewing resources and technical library periodicals are beyond the budgets of smaller SCLS member libraries. The system therefore subscribes to a number of such publications and routes them from library to library to cut costs for all. In some cases the periodical in question may only be obtained if South Central is a member of a specific library organization, so this account covers institutional dues as well as subscriptions. SCLS also subscribes to on-line services to provide access to specialized and highly current information, especially in the legislative area. This account is being decreased due to receiving

a low priority rating in the budget poll completed by members. More of the periodicals are also available electronically through members' databases.

VIII.D. (7070) Our member library directors are required by law to seek continuing education in order to maintain their statutory certification, upon which their continued employment depends. This account allows directors, library staff members, and trustees to attend continuing education events produced by agencies other than South Central. This has been a highly popular program, and because we ask participants to share what they learn with other member librarians, it has vastly increased the quantity of new expertise available in our area. It is especially important to smaller system member public libraries, because many of them have little or no access to local funds for continuing education purposes.

Many of our members from our smallest libraries cannot attend CE events because they have no travel funds. This account includes a special fund from which these librarians can draw reasonable and necessary expenses in order to attend CE events and other system meetings. Many directors from smaller member public libraries have not been able to afford WLA memberships for themselves so memberships are paid from this account up to \$100.00 per person. A decrease for 2012 is budgeted to better match actual expenditures from the last 3 years.

VIII.E. (7090) The costs of producing continuing education events include name tags, flip chart paper, coffee, etc. This account covers all these expenses, and also similar ones for many other system meetings.

DELIVERY AND MATERIALS CONTROL

IX.A. (7210) This account covers the expenses of operating our delivery vehicles including fuel, repairs, tires, parking expenses, etc. The per gallon cost is budgeted at \$4.00, 50 cents more than 2011. Since SCLS is exempt from the federal fuel tax, the pump prices can rise to \$4.18 for unleaded and \$4.24 for diesel and we would still remain in budget. \$50,000 is budgeted for all other maintenance related costs other than fuel in this account, since service has been done in-house and costs reduced. The budget increase is due to the increase in fuel costs.

IX.B. (7220) This account funds delivery employees, ranging from the delivery service coordinator to hourly sorters. Staff hours have been restructured to improve efficiency and adapt to some volume reduction that has happened with service to SCLS member libraries. The two assistant supervisor positions are being converted to full time driving positions. These positions will take on shifts currently filled by part-time driving staff. The reduction in expense is from the wage of these two positions being reduced; in addition 3 part-time staff hours are being cut along with 1 full-time position.

IX.C. (7260) This account insures our vehicles and their cargos against most forms of loss. It also pays the workers compensation insurance for our delivery personnel, as well as bonding for our drivers, since they have keys to member libraries and carry valuable cargo. Based on information from our insurance agent and last year's costs, no increase is necessary.

IX.D. (7270) Items purchased from this account include delivery baskets, flatbed trucks, carts, shelves for sorting, removable labels, cell phones. The 2012 amount is maintained at 2011 levels.

IX.E. (7280) This fund represents the sum required to purchase new and used delivery vans and to rebuild older ones. We try to replace each van after approximately 8 years of service (usually at 300,000 to 400,000 miles) and one or more rebuilds (i.e. new engines, doors, drive trains, etc.). The purchase plan calls for buying two extended cargo vans. The reduction from 2011 is because we needed to purchase one box truck and one extended cargo van in 2011. A box truck typically is more than an extended cargo van.

IX.F. (7290) Since the run to the Ashland-Superior area by one of our own drivers would require an overnight stay, we subcontract this route north of Wausau as part of the University service. We also subcontract routes north of Green Bay for similar reasons. Holding this account to the 2011 amount should be sufficient.

IX.G. (7295) This account pays for the annual rental cost for our delivery facility, as well as utilities, security, dumpster service, etc. The landlord, Delta Properties, agreed to renegotiate the delivery facility lease. The result is a very slight increase for 2012 and then that rate being held flat for 2013 and 2014, the last two years of the lease agreement.

PROGRAM DEVELOPMENT

X.A. (7440) This category is intended to enable every member public library to fund performers to enhance its summer library program. These performances are often the highlight of a small library's summer program. The 2012 amount is decreased but will not affect the funding of the performers.

X.B. (7450) Tens of thousands of bookmarks, flyers, certificates, and activity sheets for our summer library program are funded from this account, as well as manuals, story props, etc. The 2012 amount will be reduced to better match the past 3 years' actual expenditures.

X.C. (7460) System Celebration has been cancelled for 2012.

X.D. (7470) This account serves as a discretionary fund enabling our Youth Services and Outreach Consultant to help our member libraries undertake new and creative programs as ideas and needs arise. In the past, this account has funded everything from literacy programs in languages other than English for new immigrant parents and children to TTY machines so that libraries can communicate with their deaf customers. It has been reduced for 2012.

X.E. (7475) SCLS will sometimes fund a small project for one member library that could help other libraries learn about a product or a process. This account funds such projects, along with upgrades and maintenance of the gadget and gaming packages used by member libraries. The 2012 amount is reduced as a cost savings measure.

ADMINISTRATION AND COORDINATION

XI.A. (7610) This account funds 80% of the position of the System Director, 100% of the Support Services Manager and the Administrative Assistant.

XI.B. (7650) This account pays for 10,374 square feet of leased space at 4610 S. Biltmore Lane, which houses the SCLS technology staff, the ILS staff, consulting/coordinative staff, public relations staff, administrative staff, computer server room, meeting rooms, computer lab, and the Wisconsin Library Association. The sum for 2012 includes the lease amount for our space, our share of central costs, and funds for utilities, janitorial services, and any required tenant alterations. The Wisconsin Library Association offsets a proportionate share of our cost in this account. In 2012, the amount budgeted includes a percentage increase for utilities and rent.

XI.C. (7655) This account pays for all the general office supplies except for paper (5750) used by SCLS staff.

XI.D. (7670) This account pays for the telephones used by SCLS staff, as well as the fax and secondary internet connection used by staff. The slight decrease reflects savings of combining departments within SCLS headquarters.

XI.E. (7680) This account pays the postage for all the documents, newsletters, etc. sent out to board members and member libraries. As more of the newsletters and documents are sent electronically, the need for postage has been reduced.

XI.F. (7690) This category pays for the travel of board and committee members to and from SCLS board and committee meetings, and funds one representative at the annual American Library Association Washington Legislative Day. It pays the WLA memberships for the SCLS Board of Trustees. Until 2012, this account paid the WLA memberships for all member libraries' board of trustees. Until 2012, it funded two representatives to the legislative day. The 2012 amount is reduced as a cost savings measure.

XI.G. (7700) This account funds continually increasing health, life, dental, and income continuation insurance. Member library funds are used to pay a portion of these expenses for technology and ILS personnel. It is decreased since employees will be contributing more toward health insurance but it will also fund insurance for retirees in 2012.

XI.H. (7710) In 2011 the State of Wisconsin mandated that employers could not pay the employees' portion of retirement which SCLS has done since 1982. SCLS employees will be required to contribute 5.8% of the retirement premium hence the decrease to the account. Member library funds are used to pay a portion of these expenses for technology and ILS personnel.

XI.I. (7720) SCLS pays the employer's portion of social security. The fund amount is reduced because of the elimination of the Associate Director position and layoffs. Member library funds are used to pay a portion of these expenses for technology and ILS personnel.

XI.J. (7730) This category insures all SCLS office property, bonds key employees and board members, and pays for worker's compensation for non-delivery employees.

XI.K. (7735) This is a new account for 2012. In the past, unemployment was paid out of reserves. The reduction in force within SCLS makes it prudent to budget the amount for 2012.

XI.L. (7740) This account pays for the independent audit of SCLS finances, as required by state law.

XI.M. (7750) This account pays for a monthly independent review of our bookkeeping and consulting on Quickbooks, along with charges paid to Quickbooks for some payroll services.

XI.N. (7752) This account is used for expenses related to purchase of new personal computers, software and peripheral devices. Some of the money proposed for this account will also be used to purchase new software, web-based software and upgrades for other programs. Reduced as a cost savings measure.

XI.O. (7754) This account pays costs for maintenance for the photocopier in Delivery.

XI.P. (7760) This account is used to pay for purchase and repair of all non-PC office equipment such as projectors, screens, and office furniture as required.

CONTINGENCY/INTERLIBRARY LOAN/DELIVERY RESERVE

XII.A (8010) The sum budgeted here (as SCLS has no parent body to turn to in times of emergency need) must cover all unexpected costs, including legal fees. The amount recommended is an estimate and represents 6 % of our budget.

SPECIAL FUNDS

XIII.A-I (9103, 9106, 9114, 9151, 9112, 9116, 9171) These accounts represent the expenses for the LSTA grants described in the revenue section of the budget.

PROJECTED EXPENDITURE TOTAL: \$ 7,503,109