

NEIL ABERCROMBIE
GOVERNOR



RICHARD BURNS
STATE LIBRARIAN

STATE OF HAWAII
HAWAII STATE PUBLIC LIBRARY SYSTEM
OFFICE OF THE STATE LIBRARIAN
44 MERCHANT STREET
HONOLULU, HAWAII 96813
October 21, 2014

TO: The Honorable Brian De Lima, Chairman
Committee on Finance and Infrastructure
Board of Education

FROM: Richard Burns, State Librarian
Hawaii State Public Library System (HSPLS)

A handwritten signature in blue ink that reads "Richard Burns".

SUBJECT: **Presentation/Discussion/Committee Action on the Hawaii State Public Library System's (HSPLS) recommendation on the Fiscal Biennium Operating Budget and Capital Improvement Project Request for 2015-17**

1. **RECOMMENDATION**

It is recommended that the Board of Education (Board) approve the Hawaii State Public Library System's (HSPLS) Fiscal Biennium 2015-17 Operating and CIP Budget Requests.

2. **RECOMMENDED EFFECTIVE DATE**

Upon Board approval.

3. **RECOMMENDED COMPLIANCE DATE**

Upon Board approval.

4. **DISCUSSION**

a. Conditions leading to the recommendation

Governor Neil Abercrombie issued Finance Memorandum No. 14-12, **Fiscal Biennium 2015-17 Executive Budget Request and the Program and Financial Plan for the Period 2015-21** on September 29, 2014. The HSPLS Operating Budget ceiling for FB 2016 was

\$31,890,639 and \$32,477,468 for FY 2017 in general funds respectively. The Governor's budget policies mandated that each department submit two budget request submittals for the Legislature. The first budget request would be focused on maintaining the "status quo". Therefore, HSPLS will only be requesting an increase to our Special Fund Ceiling from \$3,125,000 to \$3.5M and the same base funds for our Health & Safety CIP. This ceiling increase will allow us to spend down some of the cash reserves that have been accumulating over the past few years in our Special Fund accounts.

The second Budget submittal will be dependent on the direction of the incoming Administration. It is being left to the new Administration to provide new or amended instructions after the next Council on Revenue's forecast in early January 2015. Therefore, the next Governor could then submit one or more Governor's messages to the Legislature requesting consideration of these new budget additions and initiatives. We believe the following prioritized budget initiatives allow HSPLS adequate staff and funding to increase access and provide quality public services at all 50 (soon to be 51) public libraries in the most effective and efficient manner. Our Second budget requests are as follows in priority order:

1. **Underfunded Operational Expenses.** \$700,000 for collections. E-Books are the most popular segment of our library collections as well as the most costly. HSPLS currently has no general fund budget for books and other library materials; only Special Funds and some Trust funds totaling about \$2M are used to purchase materials for our entire collection. How this basic core request is not part of our base budget is very puzzling and troubling. We are also requesting \$100,000 for increased postage costs, \$29,000 for a replacement delivery van and \$500,000 for our backlog Repair and Maintenance projects (see attached listing) totaling \$1,329,000 each FY. See Attachment A.
2. **Additional staff and operational costs for the new and replacement libraries in Aiea, Manoa, Nanakuli, and Naalehu and for a new Bookmobile in Wailuku.** In FY 2016, 7.50 (FTE) positions and \$1,234,218 and 17.50 (FTE) and \$860,382 for FY 2017 are requested to properly staff and operate these new and much larger public libraries. The new Aiea and Manoa libraries have already opened with no additional budgeted funds and staff. Included in the FY 2016 request are one-time requests for \$600,000 for staff furniture and equipment and start-up collection of \$200,000 for the new Nanakuli Public Library scheduled to open in 2016. The request for staff and operating funds for the new Bookmobile is our commitment to the Maui Friends of the

Library for their anticipated purchase of this vehicle for the Maui patrons. Please refer to Attachment A for more detailed information on this request.

3. Additional staff and funding to expand public service hours including weekends. 7.00 (FTE) positions and \$229,692 is being requested to increase public service hours at 4 public libraries all on the Neighbor Islands. The general public has been demanding and the Board Policy #9020 directs HSPLS to expand weekend hours for our public libraries. Please refer to Attachment A for more details.

For our Capital Improvement Projects, we are requesting the following:

\$3.5M in FY 2016 and \$3M for FY 2017 for our backlogged Health and Safety projects and energy efficiency projects. Please refer to the attached listing all HSPLS' pending Health and Safety prioritized projects statewide, those projects requiring additional funding to be completed, and energy efficiency projects.

- b. Previous Action of the Board on the same or similar matter

The Board previously approved all HSPLS budget requests and priorities.

- c. Other policies affected

None.

- d. Arguments in support of the recommendation

The Budget plan is necessary to maintain our operations and provide services safely to the general public and to support the New Day Plan.

- e. Arguments against the recommendation

None.

- f. Findings and conclusions of the Board committee

None.

- g. Other agencies or departments of the State of Hawaii involved in the action

Governor's Office, Budget and Finance, the Department of Human Resources and Development, and the Department of Accounting and General Services.

- h. Possible reaction of the public, professional organizations, unions, DOE staff and/or others to the recommendations

Public reaction is favorable due to new and additional online services being offered and the on-going restoration of public service hours at many libraries statewide.

- i. Educational implication

None.

- j. Personnel implications

None.

- k. Facilities implications

Please refer to the CIP Budget Requests.

- l. Financial implications

HSPLS has been grossly underfunded for years while maintaining quality library services and public hours. With the increased usage, new libraries being constructed, and more public demands, our budget requests are conservative but seriously needed.

5. **OTHER SUPPLEMENTARY RECOMMENDATIONS**

Attachments