

The Property Tax,
Personnel Costs and Politics:
Gaining Community Development Block Grant Funds
for the Public Library

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If the administrator of a governmental entity in Indiana wished to use poetic alliteration, the state-mandated property tax freeze instituted in the mid-1970's, joined to personnel costs and politics, would be a fine starting place. Unfortunately, in terms of public service, the starting place is uncomfortably similar each year to the previous year, as the freeze allows an increase of less than five percent in the local property tax levy.

Limits

Even before the budget cutbacks of the Reagan Administration, America was moving towards limited growth in government. In the summer of 1978, spurred on by the success of Proposition Thirteen in California, forty-four tax expenditure limitation (TEL) proposals were initiated in twenty-seven states, with voters approving eight of thirteen tax limits and four of seven expenditure limits in seventeen states.¹

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Indiana had earlier led the way for braking government with a constitutional provision requiring "not only a balanced budget, but also one which individually balances each component fund account." Further, IC 6-1.1-18-3 places "a limit on the total rate of all ad valorem (value based) property taxes imposed by all the taxing units to which property taxes in a given area are subject." This maximum aggregate tax rate "is the sum of the individual property tax rates imposed by a city, . . . etc. upon any property in any given year."²

But the most important and major limitation on local property taxation currently imposed by the state is the 1977 Property Tax Control Package (IC 6-3.5-1-3), which grew out of the original 1973 property tax "freeze." "Like its predecessor, this . . . program sets a limit on the amount of revenue which any local taxing unit may derive from *ad valorem* property taxation in any given budget year."³

Costs

In a recent survey by the International City Management Association, 82% of public library income came from local revenues.⁴ This pattern has been generally true in Indiana and the property tax has provided the bulk of the income. Although other local bank and excise taxes, and small state and federal financial support, adds to local revenues, the property tax freeze effectively holds down budgets.

In the case of the Muncie Public Library, after applying a special formula, the State Board of Tax Commissioners approved the following tax levies:

<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
\$634,710	\$651,024	\$735,525	\$816,691	\$827,868

With a 1981 state-approved Muncie Public Library budget of \$989,949, the economic health of Muncie and Indiana are thus seen as crucial in ensuring the library gains the necessary property and other local taxes to provide the bulk of its revenues.

The Problem

The central problem in public sector budgets is that employee compensation (salaries, direct cost fringe benefits, and mandated employer contributions) accounts for approximately seventy percent

of most public agencies' operating costs.⁵ With utility companies gaining fifteen to twenty percent increases in their charges, and the cost of books and periodicals rising by nearly twenty percent, the public library administrator also worries about the inflationary spiral hitting the staff as consumers. The worry comes down to the question: how can we give employees decent salaries and at the same time meet other budgetary increases, while keeping in mind it is the frozen property tax levy which accounts for most of our income? Where does the public library administrator begin?

Money is part of the problem, and how to get more is the goal. But the library administrator can also never forget the total work situation — from maintaining an open communication system to seeking ways to enrich each employee's job, so personal goals, as well as the organization's, are met. But, still, we come back to the bottom line for most of us — decent salaries. (Of course, this assumes that the manager continually seeks to streamline operations and cut costs, while meeting library service objectives: providing the public's educational, informational, and recreational interests and needs.)

A public library administrator cannot negotiate with the utility companies on their Public Service Commission-approved rates nor stop buying materials to fill the community's needs. Of course, there are sometimes other significant areas in which to cut costs, such as joint purchasing with other governmental entities, or other potential sources of one-time or short-range revenues, such as grants. And automation is bringing many benefits, including savings in personnel time, improvement in services, and elimination of repetitious tasks.⁶

How to get more money, then, becomes a frequent if not everyday search of the public library director.

The Political Framework

Public libraries in Indiana have an exceptionally fortunate independence from the political process. The Public Library Law provides for the appointment of members of a local library board by specified officials in a staggered year schedule. While an individual appointment may be politically motivated, the dynamism of the two-party system and the varying initial time periods when the appointment schedule begins, result in change and continuity on a library board. Within generally reasonable parameters of state statute and budgetary accounting and procedures, local public libraries are free to develop services to the communities that make up their taxing districts.

This great advantage, then, of being basically non-political, is one of the strengths of Indiana's public libraries. But the question arises as to how a public library can take advantage of federal funds

that flow back into the community through the political filtering process?

One method that has proven successful for our library is to tap federal funds that are available locally through Community Development Block Grants (CDBG). This is besides federal funds that have been coming directly into states for local library support, in particular through the Library Services and Construction Act, and which has helped Muncie Public.

Groundwork

Ironically, the impetus in which the library first gained such locally available federal funds arose from outside our institution. In the mid-1970's, the Library attempted, unsuccessfully, to get a bond issue passed for the construction of a new main library. It was to replace a structure built at the turn of the century that was no longer adequate for contemporary library needs and services.

One of the factors in the defeat of the bond issue, although not the major one, was a concern on the part of historic preservationists that the seventy-year-old building would be torn down, just as the old County Courthouse had been leveled several years earlier. The preservationists were able to get the main library listed in the National Register of Historic Places as an historic landmark to ensure the building would remain intact.

In 1979, the same people were instrumental in gaining for the library federal funds through the city's Community Development Department (CD) to replace the very leaky roof and install a new copper dome on the main library. While the roof replacement was very much appreciated, the solution from the library's viewpoint was to build a new building. In the recession of the 1980's, that is not seen as a likely prospect.

But, importantly, the groundwork had been laid for other forays in a search for federal funds for building maintenance. The precedence had been established that a separate governmental entity, with taxing power itself, was entitled to block grant funds. The significance of such funding becoming available for large-scale building maintenance is that the pressure on the public library's personnel budget area is then somewhat lessened.

First Steps

In the spring of 1980, the State Library informed public libraries that an energy audit — an examination of the energy efficiency of our facilities — was available free from the state's Department of Commerce. As the branch librarian in one of our newest branch

libraries was seeking to improve the energy efficiency in her facility, as well as to make it more comfortable for staff in the extremely cold weather, we asked for the energy audit for our buildings. Another goal was to install room-darkening glass on the wide front expanse of the building, to reduce glare from the street so we could have better film programming during the day. A third goal of building maintenance at the branch was to enable the handicapped to use the branch more easily through installation of an outside ramp, automatic door, and other interior changes.

A staff member from CD met with us and explained the process in applying for block grant funds, especially the barrier-free changes that were needed. We applied for the funds, and the request came before the Citizens Advisory Council (CAC). The CAC is comprised of representatives from neighborhood associations and aged and handicapped groups, and is the focus for the citizen participation process required in the block grant program.

The request for the insulated, tinted windows won approval rather easily, and the question of handicapped access was referred to the Advocates for Handicapped Rights. The latter advisory group promptly approved funds for barrier-free modifications at the original branch and then at a second one, in order for the handicapped to have access to library service at two different locations in the city. Part of the reason for the quick passage of the access requests was because such modifications are mandated by federal law and CDBG money is specifically made available for this work. The library communicated it wished to improve access but lacked funds, and the Advocates responded positively.

Second Steps

As this process continued during the summer of 1980, Leon Jones, the recently-retired director of the library, alerted me to large-scale emergency building repair (tuckpointing and flue work) needed at another branch, a fifty-year-old building. We then examined the original boiler in the building and realized it needed replacement. Suddenly, we were faced with unanticipated large maintenance bills.

A few telephone calls to preservationists and CD staff revealed CDBG funds might be available for these new jobs, so we decided to apply, but without any real hope of gaining the money. In fact, even before these new requests could come before the Citizens Advisory Council, the director of CD told me he was personally opposed to them. He said the library, like other governmental entities in the state, had the power to levy taxes for its needs.

This is a common misunderstanding of the power of a governmental entity, in view of the property tax freeze. Our reading of the criteria for CDBG funds convinced us we were eligible for the funds. These factors were coupled with "political intelligence" that CD felt we had not sufficiently spent library funds to maintain the fifty-year-old building. This was also untrue, and we provided documentation to CD as well as the Citizens Advisory Council.

We also began some politiking: asking and receiving letters of support for maintaining the old branch from the two preservation groups and asking for support from the neighborhood association nearest to the branch. (We had previously built a good relationship with this particular association by the branch librarian attending their meetings and our involving the group in cosponsoring a community forum on coping with unemployment in Muncie.) The result: approval by the Citizens Advisory Council. In fact, CAC suspended its procedures so the request could be quickly forwarded to city council, and the bid process begun before the cold weather made the repair work difficult.

The Political Process

It was at this point that the real political process began. We knew the director of CD was still not basically supportive of the advisory approval of the Citizens Advisory Council. The library board and a few friends began low-profile contacts with the city council, keeping in mind the basically non-political nature of our board and the library's need not to become embroiled in a partisan process. But it was natural that board members and other friends would contact city council members whom they knew well enough to ask their support.

Except for a few basically low-key contacts with council members, my role was to ensure that the CD director brought the request forward to city council. Using an indirect approach, I learned the request was not on the next agenda for the council. I then began some gentle communicating with the CD director, inquiring whether he would bring the request forward. Finally, on the day of the council's meeting, one more call by a library board member brought an assurance from the president of the city council that the library's request would be treated favorably.

The city council meeting began at 7:30 p.m. The chamber was packed because of neighborhood zoning controversy: partisanship as well as a generally negative atmosphere hung heavy in the room. Throughout the evening, a number of requests were denied, and it was at the very end of the meeting, at 12:30 a.m., that the library's request came to the floor, not only for the funds but also a sus-

pension of procedures to insure the work would be done before the cold weather. Without saying so, it was also imperative that the request not be delayed and risk being lost in the mass of questions and controversies facing the council.

And so I spoke briefly but with some urgency to the questions asked by the members, having had five hours during the course of the evening, as well as time over the road to the council's chamber, to prepare my thoughts. It was obvious the support was there, thanks in no small part to the library board and a few friends contacting the council members and the years of solid community library service of Leon Jones and the staff.

We gained approval for the funds in the building and improvement area of the budget. In this way, we were able to find a little maneuver room in the very important personnel area of the 1980 budget. Our library and other governmental entities in Indiana need such assistance when the property tax freeze makes decent salaries very difficult. It need hardly be said we planned to return to the well again, with hopes of similar success.

Following Through

As it turned out, the original cost estimates for the work were not sufficient so we had to gain additional CDBG funds through the same process. The final amount that we gained was approximately \$25,000 and, just as important, we began to understand and become part of the process.

In particular, I began attending meetings of the Citizens Advisory Council and soon was asked by the Delaware County Council on the Aged and Aging to represent it at CAC meetings. I also attended meetings of the Advocates for Handicapped Rights and became an active member of that organization. Library staff developed materials lists on planning for retirement, on death and dying, and on library services and access for the handicapped. Through wide distribution of such book and film lists and publicizing the availability of the materials and services, neighborhood organizations and special interest groups sensed the library's commitment to their needs, and we in turn gained support in our search for additional CDBG funds.

Update

Currently, the library is seeking a definite commitment from the city administration for CDBG funds for preservation, energy efficiency and handicapped accessibility of the main library. We have spoken at city council and block grant public hearings; the

Citizens Advisory Council has approved our request, and friends of the Library have contacted the mayor and city council members.

The library has proposed a three-year program of nearly \$200,000 in which we would pay an architect to plan and implement the needed building changes, and CDBG funds would be combined with our own building repair funds and private sources that we would seek. We believe the definite commitment of block grant funds would serve as an incentive in gaining private funds. But the city's commitment must be in place ahead of time or else it would be foolish for the library board to hire an architect and certainly there would be no incentive for private sources to help in the large-scale need.

Our argument is simple: the main library is Muncie's only registered landmark structure and a source of community pride; it is an asset to Muncie, and speaks of the quality of life that makes our community attractive to live and work in. The city, thus, has a responsibility in its proper maintenance, along with insuring Muncie has decent sidewalks and other physical improvements. We hope the city will accept this argument.

Notes

- 1 McCaffery, Jerry. "Introduction: Urban Finance: Dollars, Decisions, and Dilemmas," *Public Administration Review*, Special Issue 1981, 105.
- 2 Burgess, David. *Local Government Budget Preparation: County, Indianapolis and Washington, D.C.*: Academy in the Public Service, Georgetown University Graduate School, 2d ed, 1978, revised 1979, 19, 107.
- 3 *Ibid*, 108.
- 4 Wooldridge, Blue. "Financial Choices for Public Libraries: A Public Administrator's Perspective," in *Financial Choices for Public Libraries*, New York: Proceedings of the Public Library Association, ALA Annual Conference, 1980, 45.
- 5 One enlightening study of fringe benefits used "pay for hours worked" instead of wages as its standard of measurement. This is "the amount remaining from wages after deductions for fringe benefits that represent time-off pay." Thus, in charting the annual pay for hours worked and employer cost for fringe benefits for municipal employees in 1977, the study found the North Central region (which includes Indiana) cost for municipal workers other than police, fire and sanitation:

Pay for hours worked	\$10,152
Fringe Benefits	4,285, or 42%

Quoted from Bernard Jump, Jr., "State and Local Government Employee Compensation: The Fringe Benefit Dimension," in Roy Bahl, Jesse Burkhead and Bernard Jump, Jr., eds, *Public Employment and Local Government Finance*. Cambridge, Mass: Ballinger, 1980, 159, 190.

6 For an overview of public library finance, see R. Kathleen Molz, "The Financial Setting of the Public Library," *Library Quarterly*, October 1978, 416-31.

For general (although some self-evident) cost-saving ideas in libraries, see Eleanor F. Brown, *Cutting Library Costs: Increasing Productivity and Raising Revenues*. Metuchen, New Jersey: Scarecrow, 1979. In Muncie, we have been able to buy gasoline for our bookmobile and delivery van through the city, which is lower than the retail gas stations.

For an in-depth study, see Ann E. Prentice, *Public Library Finance*, Chicago, ALA, 1977.

As to automation: "Unless there is a commitment on the part of the library to displace positions over time as the use of the computer technology is introduced and expanded, *the computer will not reduce or slow the rise of labor costs*. (my emphasis - AM) Frequently libraries that use computers do not translate these potential savings into actual hard dollar savings but opt instead to use these savings for improved public services or the introduction of entirely new services. Any money saved is simply used elsewhere."

"There is no research concerning the library's use of the computer to determine the extent of personnel savings. Research conducted in other organizational settings that own and maintain their own computer suggests that clerical positions displaced by the computer are often replaced by a higher paid technical staff associated with the computer." Quoted from Joseph R. Matthews, *Choosing an Automated Library System: A Planning Guide*, Chicago, ALA, 1980, 4-5.