

# Revisiting State Assistance to Rhode Island Libraries

A Study by the  
Providence League of Women Voters

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The 21st century public library provides a remarkable array of services to the community. In Providence alone the libraries, of course, have books, DVDs, CDs, magazines, newspapers, and computers for the public to use, but that is only the beginning. They also serve the community by holding citizenship classes, enrolling the uninsured in Obamacare, getting children ready for kindergarten, and helping the unemployed find jobs. Story book hours, after school programs, summer reading, museum passes, book discussions, and concerts are all available. If you want to learn to speak Spanish, crochet an afghan, master chess or Zumba, you can go to the library for free lessons. This fall the Providence Community Library is hosting Story Corps, an opportunity for residents to tell their own life histories. With the city's rich ethnic diversity, there should be no limit to interesting tales. Perhaps most surprising of all, you can even get married at the Providence Public Library.

Despite all the enrichment and opportunities offered by public libraries, adequate funding has been difficult to find. During the recent recession all across the country, library employees lost their jobs, services were sharply reduced, and many libraries were closed. California eliminated state funding for libraries altogether during the 2011-2012 fiscal year,<sup>1</sup> and Texas reduced payments to such an extent that the Institute of Museum and Library Services (IMLS) threatened a 70% reduction in federal library funds for Texas' failure to "pull its own weight in library funding."<sup>2</sup> Even Rhode Island, regarded as one of the more generous states nationally when it comes to libraries, has reduced funding although nothing like California and Texas. In New York City the libraries are asking officials for \$1.4 billion dollars over the next decade to modernize the crumbling buildings,<sup>3</sup> and here in Providence both the Providence Public Library and the Providence Community Library are having financial problems with no easy solution in sight.

## Background

To understand the finances of the Providence libraries, some background is needed. Providence has two libraries: the Providence Public Library (PPL), which consists of the main library with its large, diversified collection, and the Providence Community Library (PCL), which operates the nine branch libraries. Until July 2009 these two systems were united under the Providence Public Library, but in 2008 - 2009 the Providence Public Library warned the city that it would have to close five of the nine branches unless the city increased its contribution from \$3.5 million to somewhere

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<sup>1</sup> Holly McDede, "Goodbye, State Funding for California Libraries," KALW Public Radio, San Francisco, February 5, 2012; Meredith Schwartz, "Brown Proposes Zero State Funding for California Public Libraries for Second Year in a Row," *Library Journal*, February 7, 2012; *The 2012 State of America's Libraries*, American Library Association, 2012.

<sup>2</sup>Edgar Walters, "Texas Libraries Face Federal Funding Cuts," *The Texas Tribune*, November 7, 2013 ; Steve Campbell, "Texas' Appeal Averts \$6.5 Million Cut in Federal Literacy Funding," *Star-Telegram*, January 10, 2014; *The 2012 State of America's Libraries*, American Library Association, 2012.

<sup>3</sup> Winnie Hu, "Public Libraries Warn of a 'Staggering' Crisis," *New York Times*, May 20, 2015, p. A18.

between \$5 and \$7 million. Not surprisingly the city balked at such a huge infusion of funds. The Library Reform Group, a grassroots organization of Providence citizens and library advocates, decided to make a bid for the branches rather than see them close. There was special concern that the branches picked for closure generally were in some of the city's poorest neighborhoods such as Olneyville, Smith Hill, and Wanskuck. Mayor David Cicilline would have preferred to stick with the Providence Public Library, a known quantity, but at the same time he was strongly committed to keeping all the city's libraries open. When the Library Reform Group presented a budget showing it was possible to run all the branches for \$3.5 million and the Providence Public Library refused to make a counteroffer, the Mayor agreed to award the city's money to the Library Reform Group, now incorporated as the Providence Community Library.<sup>4</sup>

With the decision to split the the libraries, the Providence Public Library had to adjust to a tremendously changed financial climate for it had lost both the entire \$3.5 million from the city and the state's 25% annual matching grant. Under Rhode Island law if a community maintains its annual appropriation at the same level as the previous year, the state will match the amount by 25%. With all this money gone, PPL had to depend on its endowment which before the stock market plunge amounted to \$41 million and a 25% match from the state equal to whatever PPL pulled out of the endowment averaged over three years, and whatever else it could raise through donations and grants. To improve its economic position, PPL refurbished some of the rooms that open onto a beautiful marble hallway and staircase and hired Russell Morin caterers as a way of stimulating weddings and conferences to use this historic venue. In addition, after several years of negotiation, PPL agreed to sell seven branch library buildings to the city for \$5 million with \$250,000 to be paid annually for 20 years. Two branches were not included in this deal as Fox Point is in a rented facility and Washington Park is housed in an old firehouse already owned by the city. Despite all this effort, PPL is currently running a small deficit.

To finance its operations, the Providence Community Library receives a payment from the city that seven years later is still the original \$3.5 million although in some years the city has lowered this amount by as much as \$200,000; a matching grant from the state equalling about 22% of the city's contribution even though state law recommends 25%; and fundraisers, grants, and donations. PCL has been successful in obtaining large sums of money from the Champlin Foundation to fix the Smith Hill branch which now sports a new roof, elevator, and parking area although air conditioning is still missing. Moreover, PCL has won a multi-year grant from the Institute of Museum and Library Services to prepare children for kindergarten as well as many smaller awards. Again despite great effort by the organization, PCL has had financial problems: to save money all the branches were closed for one week in September 2012; no contributions were made to the staff's retirement accounts in fiscal year 2012-13, and for several years there were no raises for the employees except for the

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<sup>4</sup> Maureen Romans, Patricia Raub, and Edgar C. Bailey, "The Grassroots Solution to Library Closures: The Case of Providence," paper presented to the New England Political Science Association, Newport, Rhode Island, Spring 2010.

director who received a 15% or \$12,000 increase. Although PCL is not currently running a true deficit,<sup>5</sup> PCL has had serious cash flow problems caused in part by the state's waiting until December to send the first payment of the matching grant.

### **Origin of This Study**

In the spring of 2014, the Providence League of Women Voters moderated a series of mayoral debates sponsored by the Providence Community Library. Concerned that the \$3.5 million that the city appropriates for the Providence Community Library equals only 1/2 of one percent of the city budget, the Providence Community Library wanted to know where the candidates stood on library funding. Although all the candidates indicated that they thought libraries played an important role in improving the quality of life in Providence, they were vague about increased funding. In fact, Jorge Elorza, who won the election, frequently spoke approvingly about the way volunteers kept the Central Falls Library open during bankruptcy proceedings, and Brett Smiley, now Mayor Elorza's Chief of Operations, said that realistically there was no more money for libraries given Providence's serious financial woes. Unlike many of Rhode Island's suburban communities, Providence's property tax no longer provides enough revenue to cover the city's needs.<sup>6</sup> Much local property cannot be directly taxed by the city as it is owned by the federal and state governments, colleges, hospitals, churches, and other tax-exempt organizations making it hard for the city officials to address a host of issues ranging from increased gang violence and decaying infrastructure to high unemployment and poverty. Moreover, the bills for generous pensions for the city's unionized work force have started coming due. Thus, it was not really surprising that Mr. Smiley was unwilling to promise more aid for libraries, but he did make an interesting suggestion: examine the state funding formula to see if more money can be raised in that way.

In June 2014 at its annual meeting, the Providence League of Women Voters decided to accept the challenge of studying the state library funding formula. We planned to look at the written record but also wanted to interview members of the state library network. Steve Kumins and Ellen Schwartz of the Providence Community Library got us started by supplying statistics and other research; Karen Mellor, the new head of the Rhode Island Office of Library and Information Services (OLIS), Howard Boksenbaum, the retired director of OLIS, and Brett Smiley all agreed to be interviewed; at PPL Robert K. Taylor, chair of the trustees, and Jack Martin, executive director, talked to us as did their PCL counterparts, Mark McKenney, president of the board of directors, and Laura Marlane, executive director. We also received input from

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<sup>5</sup> As explained by Ellen Schwartz, PCL treasurer, there have been years when PCL has appeared to be in the red but in actuality did not run a deficit. Under accounting protocols for non-profits, when grant money is received by a library, all the funds must be reported as income in the year received even though they may not be spent until a later fiscal year. When the grant is spent, there is no new income to balance the expenditures thus giving the appearance of a deficit.

<sup>6</sup> "Public Policy Issue Brief," Rhode Island Public Expenditure Council, April 2012; John Marlon, "Distressed Rhode Island Municipalities Face Bankruptcy," World Socialist Web Site, April 27, 2012.

the directors and/or other staff members at the Barrington, Cranston, East Providence, North Providence, Pawtucket, and Woonsocket libraries as well as from the Rhode Island Library Association (RILA). Finally, thanks to the efforts of the state League of Women Voters, we received written replies from the Tiverton and Westerly directors. The following is what we learned.

### What We Learned

Article XII of the RI Constitution states that “it shall be the duty of the general assembly to promote public schools and public libraries, and to adopt all means which it may deem necessary and proper to secure to the people the advantages and opportunities of education and public library services.”<sup>7</sup> Further, state law says that “it is the responsibility of government at all levels to provide adequate financial support for all free libraries.”<sup>8</sup>

To implement the requirements of the state constitution, Rhode Island has set up two types of grants-in-aid for public libraries throughout the state. As explained earlier, the first is a **matching grant equal to 25% of a community’s contribution** to its libraries. The major caveat is libraries must be level funded to receive the state award. If a town or city decides to cut a library’s funding, it is possible for the state to reduce the matching grant all the way back to zero although waivers are possible if there are exceptional reasons for the cutback. Nevertheless, the incentive remains extremely high for communities to continue the library appropriation at current levels. In addition, Rhode Island **will match whatever money a library’s endowment generates averaged over three years with a 25% grant**. During the recession, Rhode Island reduced both the community and endowment grants-in-aid and has still not restored them to the full 25%. For fiscal year 2015 the percentage used was 22.5% and for 2016 the rate will be 22%. The cost to the state taxpayers for these two grants-in-aid runs between \$7 and \$8 million with most of the money going to the community appropriation matches.<sup>9</sup>

There are two important things to note about the Rhode Island formula matching a locality’s effort. On one hand a major advantage of the formula is that it is easy to understand. If a community gives its library \$100,000 in 2016, it will receive 22% of that amount from the state. If it provides \$200,000, it again gets 22%. On the other hand, a major disadvantage is the formula does not consider **population** or the taxable **wealth** of a community in distributing the funds. The absence of these variables in the formula ends up creating a regressive system with the richer communities doing well and the poorer communities being consistently underfunded. The chart on the next page illustrates the dilemma.

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<sup>7</sup> Rhode Island State Constitution, Article XII, Section 1.

<sup>8</sup> Rhode Island General Laws 29-6-1.

<sup>9</sup> Rhode Island General Laws, 29-6-2(a); Office of Library and Information Services, “State Aid to Libraries Fiscal Year 2016.”

### Chart 1: State Funding Comparisons for Rhode Island Libraries<sup>10</sup>

Ten richest communities in R.I. per capita 2010 census	Grants-in-aid for Community Effort, per capita, under 2015 R.I. formula
Jamestown	\$15.87
East Greenwich	8.13
Barrington	20.71
Little Compton	8.68
New Shoreham	74.47
Narragansett	7.75
Portsmouth	5.76
North Kingston	10.09
Scituate	9.21
Lincoln	9.05

To the ten richest communities, Rhode Island contributes an average of \$16.98 per capita. If New Shoreham is eliminated from the calculation, the figure drops to \$10.57.

Ten poorest communities in R.I. per capita 2010 census	Grants-in-aid for Community Effort, per capita under 2015 R.I. formula
Central Falls	.91
North Providence	5.49
Providence	4.23
Woonsocket	4.77
Pawtucket	4.56
East Providence	7.72
West Warwick	4.87
Burrillville	8.84
Johnston	4.26
Bristol	6.08

To the ten poorest communities, Rhode Island contributes an average of \$5.20 per capita. If Central Falls is eliminated from the calculation, the figure rises to \$5.67.

Please note: The state money used in these calculations equals approximately 22.5% of a **community's** expenditures for library services. It does **not** include matching grants for a library's **endowment** distributions - a separate program.

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<sup>10</sup> Steve Kumins of the Providence Community Library calculated the per capita amounts of state aid for each community; the census data comes from "Rhode Island Locations by Per Capita Income," *Wikipedia*.

When the ten richest and ten poorest municipalities in Rhode Island in terms of per capita income according to the 2010 census are compared, it is clear that the wealthiest communities have a decided advantage under the formula as they received \$16.98 per resident on average in 2015. Even when New Shoreham is eliminated from the calculations, the better off communities averaged \$10.57, a figure still considerably higher than the average of \$5.20 for the poorest communities. Without Central Falls in the mix, the average for the least well off towns rises to \$5.67, but that amount remains almost **\$5.00 per person less** than what the wealthy towns receive. In many ways the situation is even more stark than these numbers suggest. Barrington and Jamestown, two of the top beneficiaries in 2015, have childhood poverty rates below 3 per cent.<sup>11</sup> Moreover, according to the Rhode Island Department of Education the children in those towns read very well. In Barrington 92% of the children tested are at least proficient readers and in Jamestown the percentage is 88. Contrast that picture with Central Falls and Providence where the childhood poverty rate hovers around 40% and only half of the children in Providence are classified as proficient or better readers and in Central Falls the proportion drops to 42%.<sup>12</sup>

Chronic underfunding has been detrimental to libraries in the have-not communities. Librarians in the less wealthy areas strongly indicated the need for more money. Beginning in 2010, Pawtucket did not meet state standards for personnel because of the loss of several staff positions including someone to develop and run adult programs. Fines are the major source of money for collection development, hardly an ideal situation. At the Providence Community Library there is not enough money to raise salaries. Several employees have already left and there is concern that more may leave because of the low pay. Knight Memorial, one of PCL's largest branches, has no air conditioning or climate control. Consequently, PCL is considering turning over a special collection of handwritten genealogical manuscripts to PPL for safe guarding. Additionally, PCL's collection is in "horrible" shape and needs a major overhaul. In North Providence the library has not recovered from the reductions made during the recession and has had to rely on grants for several innovations. Without extra funding from either the state or town, there is real concern how the library will pay for the upcoming hike in the minimum wage. In Woonsocket budgets cuts have reduced the funds for new materials and have caused the position of circulation supervisor, a critical job, to be left vacant. Because of the overall reduction in local support last year, the Woonsocket library had to seek a waiver from the state to receive its grant-in-aid. Without state money the library would be unable to meet Rhode Island's minimum standards for library service.<sup>13</sup>

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<sup>11</sup> Richard Salit, "Report: One in five children in R.I. living in poverty," *The Providence Journal*, January 22, 2015, p.1; "Childhood Poverty in Rhode Island," Issue Brief, *Rhode Island Kids Count*, January 2015, p. 2.

<sup>12</sup> Deborah A. Gist, Commissioner, *Rhode Island's NECAP Math, Reading, and Writing Results for Grades 3-8 and 11*, Rhode Island Department of Education, October 2012.

<sup>13</sup> From Interviews conducted by the Providence League of Women Voters with administrators at these libraries between January and July 2015.

In contrast, library directors in some of the communities in the middle and upper income range thought their local governments were supportive and had no serious complaints about funding. Barrington, Cranston, and Tiverton would be examples of this position. In Cranston a petition drive and extensive lobbying of public officials by library Friends and patrons helped improve the library's finances when cutbacks threatened. In Barrington, a town with truly enviable community support, the library has reached out to both residents (75% have library cards) and local politicians to build strong relationships.<sup>14</sup>

When it comes to the grants that match the endowment, not all libraries have an endowment and those that do usually receive fairly modest amounts ranging from a few hundred dollars to \$25,000. There are two exceptions to this pattern - Westerly, which received \$163,585 and the Providence Public Library, which benefitted the most with \$380,168. The Westerly director believed it would be impossible to provide equivalent services without this help from the state.<sup>15</sup> Jack Martin, the PPL director, in justifying state aid noted that his library is a lender library. In other words, PPL exports 60,000 to 70,000 books annually to other Rhode Island libraries. The manpower involved to pull off such a feat is extensive. First, the books requested have to be located and removed from the shelves, then packed to be shipped. When the books are returned, they must be unpacked and replaced on the shelves. Mr. Martin estimated that it takes three employees three hours daily pulling the requested books and two employees working two hours daily to do the sorting and packaging. Unlike Westerly, which receives both types of matching grants, PPL receives only matching money for the endowment. Without this grant-in-aid PPL would be hard pressed to render such a service to the state. Furthermore, Robert Taylor, chair of the trustees, remarked that if all state aid were withheld from PPL, the state would be in violation of the Rhode Island constitution's responsibility to promote public libraries.<sup>16</sup>

Although urban libraries particularly voiced concern about the need for greater funding, there was a reluctance by almost everyone interviewed to want fundamental change or even to tinker with the formula. No one defended the formula as fair or as an example of good public policy, but the hesitancy appeared to stem from fear that the libraries might end up worse off if officials began tweaking the formula. Given the number of closures, layoffs, and budget cuts that libraries have suffered in recent years, it is easy to understand where the uncertainty is coming from. RILA advocates and Karen Mellor of OLIS were particularly wary of changing the formula, and two other

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<sup>14</sup> From interviews conducted and questionnaires distributed by members of the League of Women Voters between March and June 2015. Observations about the Cranston Friends were made by Mickie Bonneau, a member of the Rhode Island League of Women Voters, at the state convention, June 13, 2015 and in a telephone interview on July 24, 2015.

<sup>15</sup> From material provided by Westerly library director, Spring 2015.

<sup>16</sup> From an interview conducted by Providence League of Women Voters with PPL leaders on November 25, 2014.

respondents worried that rural libraries might have to close or cut back hours and services if they lost any revenue.

There was even opposition to bills introduced this year in the General Assembly to help distressed communities pay their mandated dues to Ocean State Libraries. In the case of PCL, these fees add up to more than \$200,000 annually and for Woonsocket over \$50,000.<sup>17</sup> The push for this new funding came from legislators representing Central Falls, the community that saw its library closed when the town went bankrupt and which currently receives the least money on a per capita basis from the state. In a RI Future Investigation into library finances, Steve Larrick, the Central Falls planning director and library trustee, made the case for poorer towns. Barrington residents, he argued, ““have great access to broad band in their homes, and their schools are top notch. Their school library is probably better than our public library. A dollar spent there will not be as meaningful as a dollar spent on the Central Falls library.””<sup>18</sup> Although the sponsors of the bills for aiding distressed communities wanted the additional money to come from general revenues, not from funds already earmarked for libraries, both the Cranston and North Providence directors expressed concern that non-distressed libraries would lose out under such legislation. The Barrington director, however, recognizing that Rhode Island has a wide variety of libraries with different strengths and needs, expressed support for a special pool of funds for distressed areas even though the new revenue would not help her town.<sup>19</sup> Nevertheless, the near-universal preference was to lobby the General Assembly to raise the matching grants to the full 25% that existed before the recession rather than to make major changes.

There was, however, one forceful dissenting voice to this general trend of thought. Both Mark McKenney, president of PCL’s board of directors, and Laura Marlane, executive director at PCL, strongly support more funding from the state. They both testified in favor of the distressed communities’ bill mentioned above and Mr. McKenney emphatically stressed that he sees no reason to continue the endowment grants-in-aid. He argued that true municipal libraries should be the highest priority for public money, not libraries with private endowments. He labeled as “wrong” the funding of endowment grants and thought the money for these grants should be added to the

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<sup>17</sup> From interviews conducted by members of the League of Women Voters between November 2014 and July 2015 with leaders from RILA, OLIS, and the Cranston, North Providence, Providence, and Woonsocket libraries.

<sup>18</sup> Bob Plain, “Legislation would boost state aid to urban libraries,” RIFuture.org, April 9, 2015.

<sup>19</sup> The bills, H 5836 and S 0705, were authored by Rep. Shelby Maldonado and Sen. Betty Crowley, both of Central Falls. Briefly, a distressed community is one in which the property tax is high when compared to the income of the taxpayers. The seven distressed communities are Central Falls, Cranston, North Providence, Pawtucket, Providence, West Warwick, and Woonsocket. In the the coming year, East Providence will be added to the list. “Rep. Maldonado bill would increase state aid to libraries in Rhode Island’s distressed communities,” Press Release from the State of Rhode Island General Assembly, April 7, 2015; Office of Library and Information Services, RI Legislative updates, July 2, 2015; “Public Policy Issue Brief,” Rhode Island Public Expenditure Council, April 2012.

funds that are available for the grants that match a community's expenditures. Such a reform would add approximately \$700,000 to the pot of money to be divvied up.

As for more fundamental changes to the state funding formula, both Mr. McKenney and Ms. Marlane were supportive although cautious about such action. They liked the idea of adding population and possibly some type of equalization clause to the formula but believed the guiding principle in making changes should be "do no harm." Ms. Marlane thought the status quo was the result of fear, but she added that libraries cannot forever hide behind this fear.<sup>20</sup>

### **How Other States Finance Public Libraries**

In thinking about possible changes to the Rhode Island formula, we looked at what other states do. There is a wide range of options from states like Vermont and South Dakota providing no direct help to Hawaii paying for nearly 90 percent of local library costs. Neighboring **Massachusetts** perhaps offers the best guide to what the future might hold. To be eligible for state aid, a city or town must not only level fund the library appropriation but add an extra 2.5 % surcharge every year. Such a device helps libraries keep up with inflation. One Rhode Island director thought that the maintenance of effort aspect of the Rhode Island formula discourages towns from cutting library budgets, but at the same time doesn't encourage them to increase funding either. The Massachusetts system builds increases right into the formula. Massachusetts then uses population to distribute the state money. There are also separate grants to equalize funding to balance the wide variation in property values throughout the state. Some villages on Cape Cod have over \$1,000,000 per person in taxable real estate whereas a depressed city like Fitchburg has less than \$60,000 per resident. Finally, Massachusetts rewards libraries that lend books to other libraries with special grants, a provision that would offset the loss of PPL's endowment match if Rhode Island ended those grants.<sup>21</sup>

Other industrial states with disparities in wealth similar to Rhode Island's use population in distributing money for libraries and a number have some type of equalization clause written into the formula as well. For example, in **Maryland** each library system (23 counties plus the city of Baltimore) receives per capita support from

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<sup>20</sup> From interview conducted by members of the League of Women Voters with PCL leaders, March 26, 2015.

<sup>21</sup> "The State of America's Libraries, American Library Association, 2011, 2012, 2013, 2014, and 2015; *Local and State Sources of Funding for Public Libraries: The National Picture*, The Pennsylvania Library Association, 2006; "State Aid to Public Libraries," Massachusetts Board of Library Commissioners, various years and publications.

the state. Then the counties must match the state grant.<sup>22</sup> In **Illinois** there are annual grants of \$1.25 per person available to all local public libraries plus equalization grants to aid those with “a low library tax rate.”<sup>23</sup> **Ohio** provides guaranteed shares to make sure that “each county will receive an amount equal to the previous year’s allotment plus an adjustment for inflation.”<sup>24</sup> If any money is left in this pool of funds, the remainder is handed out according to an equalization formula. The counties that received less under the guaranteed share receive more under the equalization portion.

## Options

The Providence League has several options before it.

First, we can **support the current system** just as it is.

Second, we can lobby for **keeping the current formula but upping the grants-in-aid to 25%**, as existed before the recession.

Third, we can pressure the legislature to **appropriate extra money for distressed communities** from general revenues to pay for the cost of belonging to Ocean State Libraries. Or even better, we can ask the state to pick up the tab for all public libraries to join Ocean State Libraries.

Fourth, we can support **major reform** by advocating that

- 1) every town or city **increase its library appropriation by 2 or 2.5 per cent annually** to qualify for matching funds
- 2) **population** be added to the formula
- 3) community **income or taxable wealth** be included in the formula
- 4) matching **grants for endowments** be phased out
- 5) **lender libraries receive extra money** for the services they provide to the entire state.

An important consideration is to remember that **any change we recommend can be phased in over time** rather than all at once to make it easier for individual libraries to adjust their finances.

Fifth, we can suggest **any other idea or concept** that seems worthy to us.

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<sup>22</sup> Mary Baykan, “Maryland’s Successful Campaign to Increase Library Funding,” *Information Today*, September 2006.

<sup>23</sup> Jesse White, Illinois Secretary of State and State Librarian, “Public Library Per Capita and Equalization Grants,” Illinois State Library, undated.

<sup>24</sup> “State Funding History of Ohio’s Public Libraries,” Ohio Library Council, undated; Jona Ison, “Ohio Libraries Fear More State Cuts,” *The Marion Star*, January 3, 2015.

