

M E M O

TO: LibraryLinkNJ Membership
FROM: Kathy Schalk-Greene, Executive Director
DATE: 05/23/18
RE: Proposed Budget, FY19 (July 1, 2018 - June 30, 2019)

LibraryLinkNJ is in a precarious financial situation, and we are now at a crisis point. **If we cannot secure sustainable funding, the Executive Board will propose that LibraryLinkNJ dissolve and cease operations by the end of FY19.**

- Since FY11, the Cooperative has been flat-funded at \$1,840,000 and has supplemented the State Contract with monies from our cash reserves.
- The cash reserves were funds transferred by the State Librarian to LibraryLinkNJ in 2010 from the three disbanding cooperatives.
- State Contract monies are administered to us by the New Jersey State Library and come from the New Jersey State Budget for the New Jersey Library Network.
- The New Jersey State Library has tried, without success, in other budget years to secure an increase in network funds.
- Our projected delivery costs for FY19 have increased by 45% from \$940,000 to \$1,360,000.
- The proposed FY19 (July 1, 2018 - June 30, 2019) budget draws on all remaining LibraryLinkNJ reserve funds.
- LibraryLinkNJ is unsustainable as a 501(c)3 nonprofit organization without receiving ongoing additional funding. The budget gap in FY19 is \$370,000.
- Since March 2018, Executive Director Kathy Schalk-Greene and Executive Board President Kimberly Paone have met regularly with State Librarian Mary Chute, State Library Chief Financial Officer Sheri Shafer, and Associate State Librarian Kathleen Moeller-Peiffer, as well as presenting LibraryLinkNJ's budget situation to NJLA's Public Policy Committee and Executive Board.
- The proposed FY19 budget includes an additional \$93,060 in one-time supplemental funding from the New Jersey State Library
- LibraryLinkNJ's Executive Board examined, discussed, and refined a variety of FY19 budget proposals prior to selecting the one now before the membership.

The budget set forward for a vote by the membership presumes that LibraryLinkNJ's operations are unsustainable beyond the end of FY19 (June 30, 2019).

Absent sufficient funds to continue services through the end of FY19 and a plan for sustainable funding in the long term, the Executive Board will propose to the Membership by early 2019 that we dissolve LibraryLinkNJ as a nonprofit and cease all operations by the end of June 2019.

The Proposed FY19 Budget:

- Maintains the current Statewide Delivery Service through the end of June 2019
- Severely cuts Continuing Education and Special Projects Services
- Incorporates staff layoffs throughout the year
- Dissolves LibraryLinkNJ as a nonprofit organization and ceases all operations by June 30, 2019
- The [Proposed FY19 Budget](#) is available for review.

Next Steps:

- The Executive Board has determined that a total of \$370,000 in FY19 would provide sufficient funding for another year of full services with full staffing, as well as time to develop other sources of income for long-term sustainability.
- The Cost-Sharing Team of the [Delivery Task Force](#) will be meeting throughout the summer to develop cost-sharing policies to recommend to the Executive Board.
- The Executive Board will establish a Funds Development Task Force. The Task Force will investigate alternate funding streams and develop a funding plan with goals for the short, medium, and long-term, to ensure LibraryLinkNJ's financial sustainability.
- The Executive Board will develop an advocacy plan to involve the membership and New Jersey library organizations to promote sustainable funding for LibraryLinkNJ.
- If we are successful in (1) securing sufficient funds for FY19 and (2) developing a plan for sustainable funding in FY20 and beyond, the Executive Board will call a membership meeting in early 2019 to present an updated budget providing for continued services through the end of FY19.