MEMO

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.

LibraryLinkNJ services are funded by the New Jersey State Library, which is responsible for the coordination, promotion and funding of the New Jersey Library Network.
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.