ARL Library Budgets after the Great Recession, 2011–13

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Since 2008, ARL has collected annually member data on budget allocations at the beginning of the fiscal year. At first these efforts were motivated by the desire to understand what was happening at the beginning of the "great recession" in 2008. As time passed, it became clear that there was a broad interest, not only among members, but also in higher education and the publishing community about these initial budgets as predictors of the lagging indicator of expenditures collected annually for the ARL Statistics.[1] In simplest terms, members were asked, "How much money did you get, not how much did you spend?" The survey instrument was refined progressively for three years and in fiscal year 2011–12 was stabilized. The current version, referred to by the shorthand the "Ten-Minute Survey," has been simplified and pared down to three essential questions that capture the gestalt of a library's budget.[2] While lacking the detailed precision of a lengthier survey, the resulting data are sufficient to reveal the initial fiscal state of budgets, and to a significant degree to project near-term trends that do not show up in the ARL Statistics for several years.

The key question remains—when will the budgets of ARL members recover to pre-2008 levels? The National Association of State Budget Officers gives mixed reviews to recovery in state budgets for 2013, noting that in 36 states K–12 education received increased spending, whereas higher education continued to experience cuts. The general picture is a bit sobering. "Even with revenue growth, state budgets are still facing pressure, with 24 states enacting lower spending levels in fiscal 2013 than in fiscal 2008. In nominal terms aggregate general fund expenditure levels are also still below the pre-recession peak of $687.3 billion. Aggregate spending levels would need to be at $735 billion, or 7.9 percent higher to remain equivalent with real 2008 spending levels." As this article shows, budgets of ARL member libraries generally do not meet this demand.[3]

The first three years of the "Ten-Minute Survey" were reported in two publications.[4] This article captures two fiscal years FY2011–2012 (hereafter FY11–12) and FY2012–2013 (hereafter FY12–13). The article discusses the data from both years separately, but also provides a deeper view by looking at the 88 libraries that reported in both years to examine how they fared from one year to the next. As the recession abates and a recovery (however slow) emerges, this analysis attempts to answer the key question, "Do the data from the last two fiscal years indicate a trend that ARL member library budgets are on the mend?"

The "Ten-Minute Survey" questions elicit responses about the two basic components of ARL member budgets:

- The acquisitions or materials budget that is almost exclusively aimed at acquiring, in its many forms, scholarly information supporting the educational and research mission of universities. On average, in 2010–11 40.6% of ARL budgets were expended on acquisitions.

- In this article, as a shorthand the term "administrative budgets" has been applied to the sum of the remaining combined elements of budgeted funds—including personnel, operations, and all other categories, but excluding any capital-related funding. On average, in 2010–11 59.4% of ARL budgets were expended collectively on these items.

Fiscal Years Side by Side

In FY11–12 76% of ARL members (95 of 125) reported and in FY12–13 80% (100 of 125) did so. The response rates were fairly stable for the two fiscal years across the four categories of membership—Canadian, US private universities, US public universities, and nonacademic (see Figure 1).

Figure 1. Budget Surveys FY2011–2012 and FY2012–2013: Responses by Member Type

FY2011-2012 Member Type	Total Number	Percentage of Membership	Number of Responses	Percentage Responded
Canadian	16	13%	10	63%
US Private	31	25%	24	77%
US Public	68	54%	55	81%
Nonacademic	10	8%	6	60%
Total	125	100%	95	76%

FY2012-2013 Member Type	Total Number	Percentage of Membership	Number of Responses	Percentage Responded
Canadian	16	13%	13	81%
US Private	31	25%	24	77%
US Public	68	54%	58	85%
Nonacademic	10	8%	5	50%
Total	125	100%	100	80%

It is well established that academic libraries have historically faced outsized inflation rates for materials, that is rates frequently in excess of both the Consumer Price Index (CPI) and Higher Education Price Index (HEPI).[5] This is particularly true for STM journal prices albeit less so for journals in other disciplines. From time to time, increases in scholarly monograph prices, notably from university and other nonprofit publishers, were in keeping with the indexes. All this is to say that the use of "inflation" here does not reflect the normal use of that economic term.

Note: The author wishes to give special thanks to Sarah Segura and Gregory Tucker for their assistance in preparing the tables and charts for this article. Their insights into how best to represent the data contributed measurably.

The first question on the survey asks about the acquisition budget (see Figures 2 and 3).

Figure 2. Compared to the FY2010–2011 budget, the FY2011–2012 content acquisition budget:

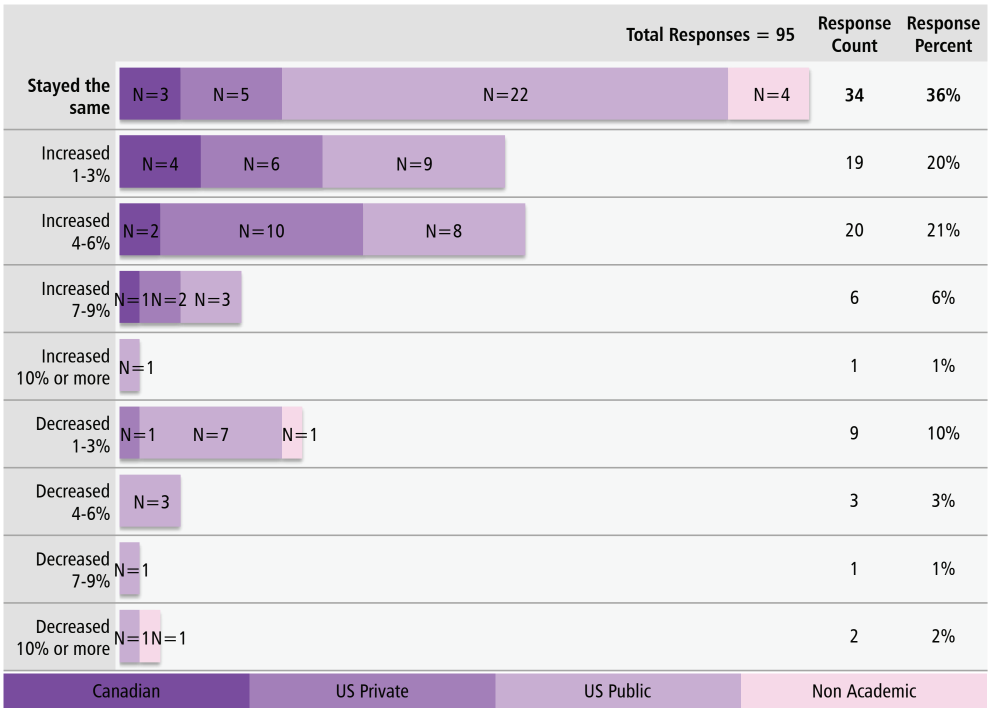
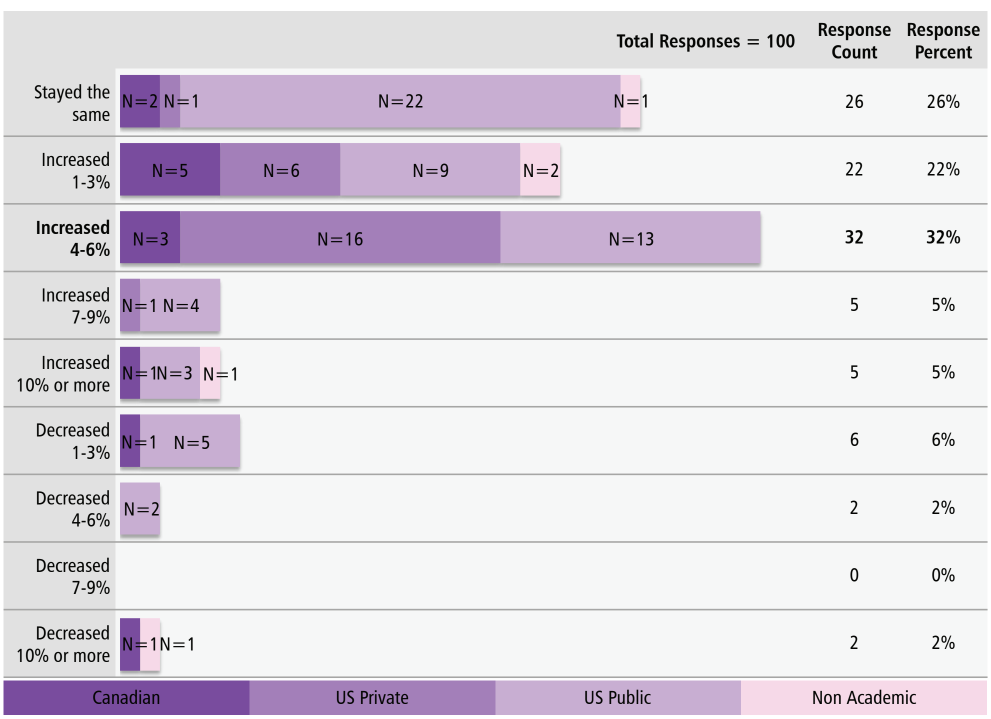


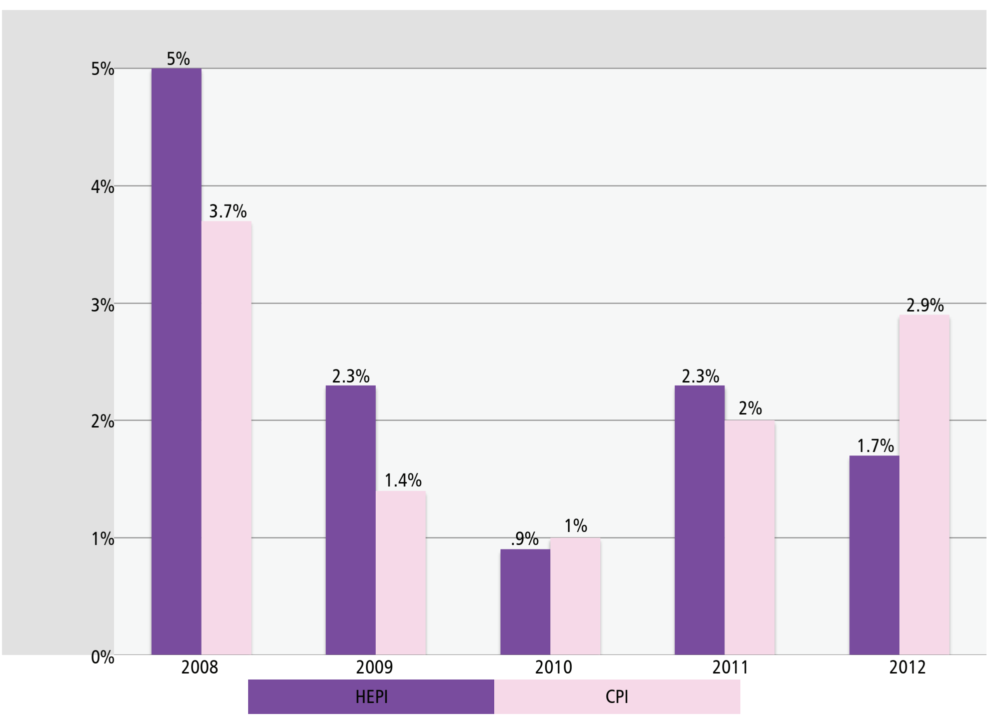
Figure 3. Compared to the FY2011–2012 budget, the FY2012–2013 content acquisition budget:



In FY11–12, four years after the initial fiscal 2008 collapse, 52% of respondents reported flat or declining acquisition budgets. There were 19 libraries (20%) that reported increases of 3% or less, and that means that purchasing capacity was not keeping up with inflation. Taken together these figures mean that 72% of the ARL library acquisition budgets reflected a reduced access to information on campus. In FY12–13 there is a trend toward some improvement. The number of member libraries unable to keep up with inflation had declined to 58%. Or to put it positively, 42% received acquisition increases greater than 3%, albeit some sectors of the industry increased prices faster still.

Turning to the topic of administrative budgets, it is important to note that the HEPI has over the long-term inflated faster than the CPI, effectively nullifying small increases in library administrative budgets that have personnel costs as their largest component. "HEPI is a more accurate indicator of changes in costs for colleges and universities than the more familiar Consumer Price Index. It measures the average relative level of prices in a fixed basket of goods and services purchased by colleges and universities each year through current fund educational and general expenditures, excluding research."[6] During the period since 2008 while administrative budgets were being battered, HEPI continued increasing (see Figure 4).[7]

Figure 4. Comparison of HEPI and CPI 2008–2012



In FY11–12 89% of reporting libraries had administrative budgets that did not keep up with inflation, that is increased less than 3%, remained static, or were reduced from the previous year (see Figures 5 and 6).

Figure 5. Compared to the FY2010–2011 budget, the FY2011–2012 budget for all non-material items:

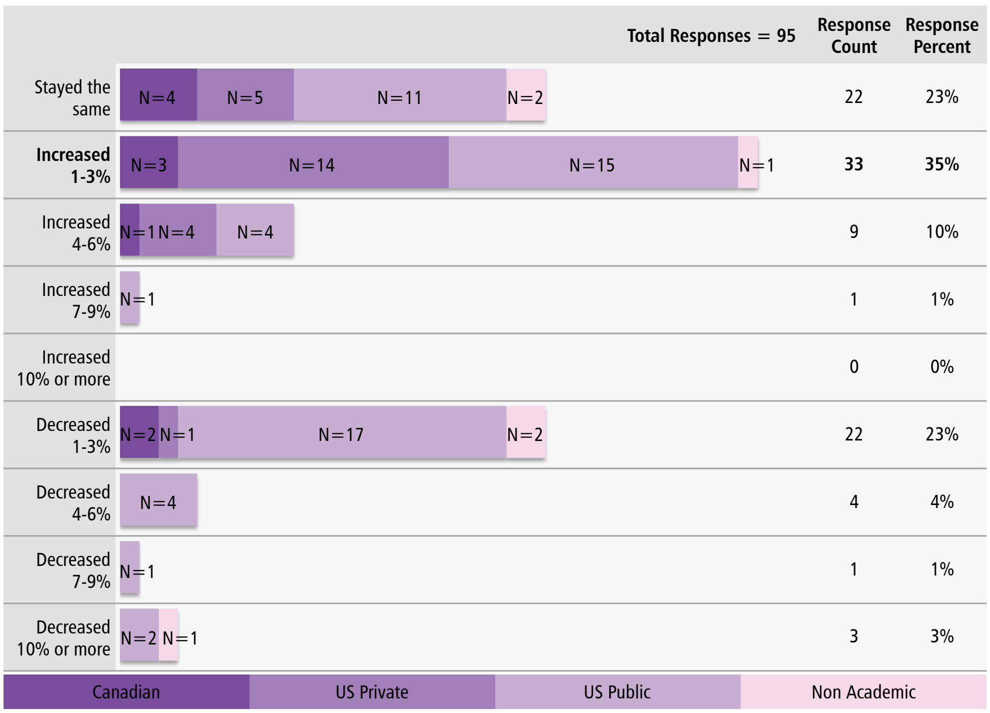
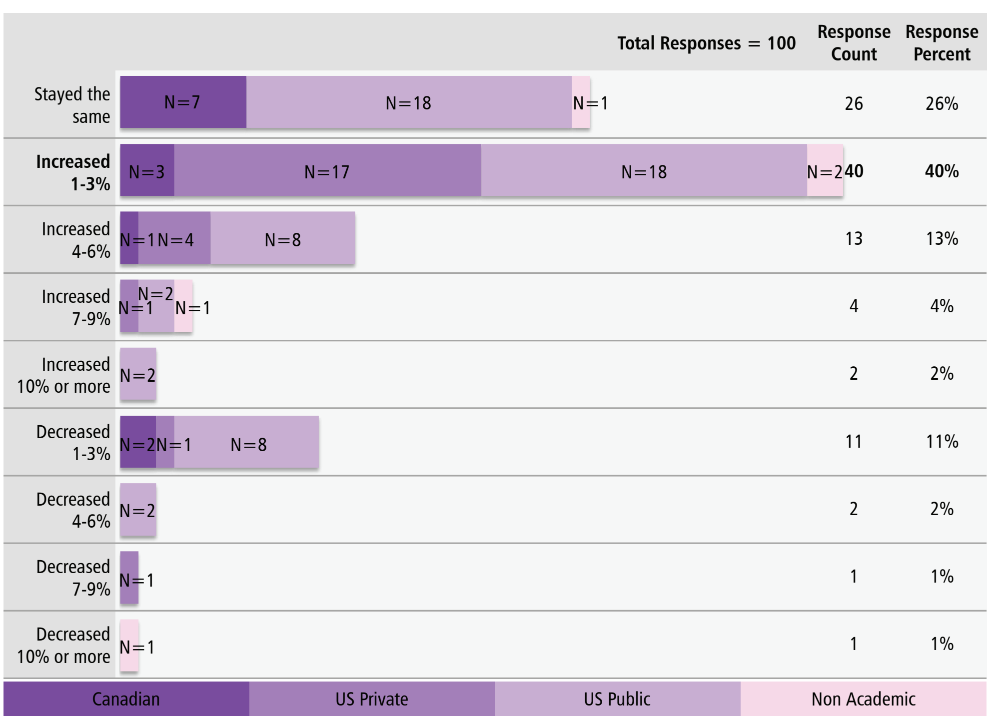


Figure 6. Compared to the FY2011–2012 budget, the FY2012–2013 budget for all non-material items:



HEPI FY12–13 figures are not available as yet. All the same, the administrative budget numbers are worse than those for the acquisition portion of the budget and probably reflect some shifting of resources out of administrative budgets to assist in bolstering acquisitions. ARL members reported employing this strategy to preserve acquisitions during the previous three years.[8] The FY12–13 numbers for administrative budgets showed little improvement with 81% of reporting libraries receiving budget allocations that did not keep up with inflation, that is increased less than 3%, were static, or were reduced from the FY11–12.

The third question in the survey asks about increases in staff salaries (see Figures 7 and 8).

Figure 7. What, if any, salary increases were provided for your staff, excluding any promotion or retention related raises? (FY2011)

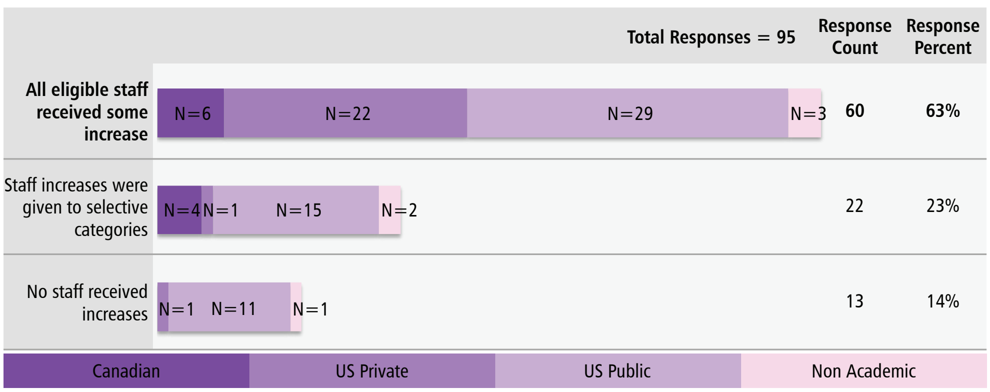
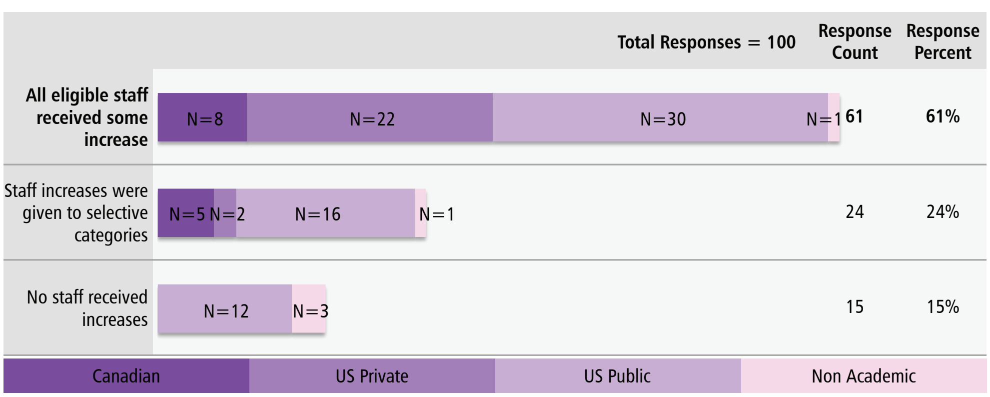


Figure 8. What, if any, salary increases were provided for your staff, excluding any promotion or retention related raises? (FY2012)

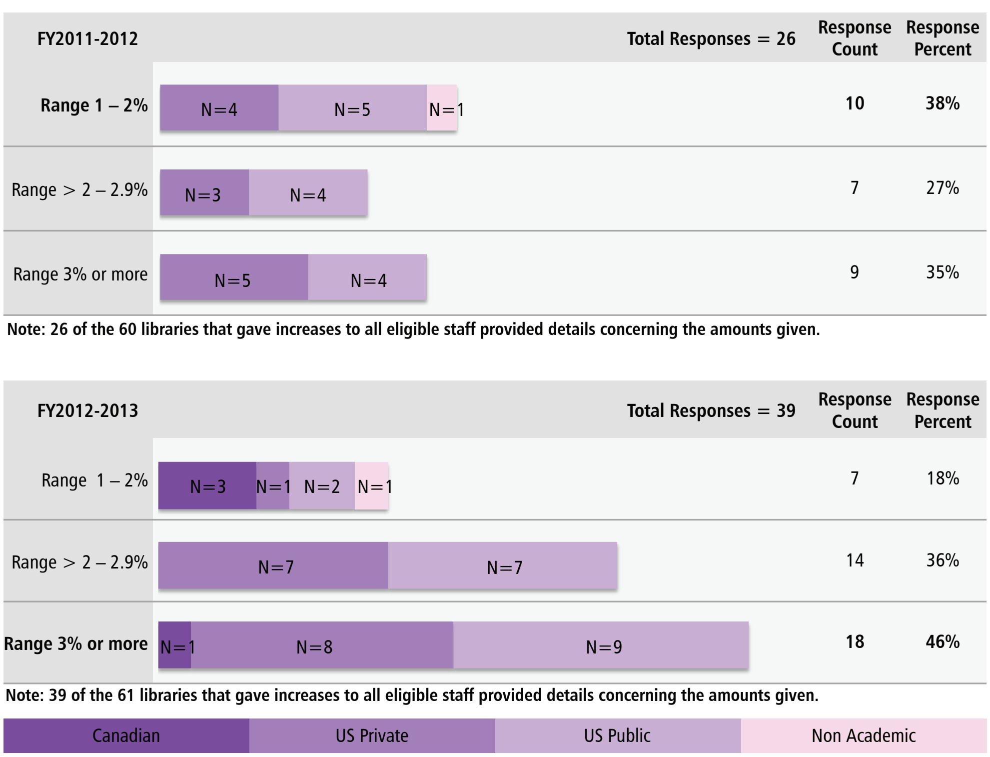


As can be seen, the results for both years were nearly identical with 61–63% of members giving all eligible staff some increase and 23–24% giving selective raises. A number of strategies were used to accomplish this seemingly counter-intuitive result. In the "Ten-Minute Survey" respondents were not asked specifically how funding was found to implement salary increases. However, in prior years the survey asked more detailed questions about how staff increases were managed.[9] In order to garner savings in personnel budgets that could then be allocated to staff pay increases a number of strategies were noted:

- Elimination of vacant positions
- Hiring freezes
- Staff layoffs
- Early-retirement program
- Staff furloughs
- Unspent funds from prior year

One can presume that some of these strategies have been at play in recent fiscal years as well. The written commentary indicates increases were frequently the result of union contracts or were targeted retentions for high-performers. One should keep in mind too that ARL libraries have for some years been finding ways to reduce staff numbers through numerous efficiency and service-improvement strategies and this trend has accelerated in the last five years. This means that the same salary pool can be spread across smaller numbers of staff thus allowing for increases even in difficult times. In any event, the fact that member institutions were awarding increases is a positive reversal of the multi-year trend since 2008 and indicative of the commitment to retaining talented and valuable staff. Moreover, written comments indicate that awards were not stingy, particularly given the cost-of-living changes indicated by the CPI (see Figure 9). When amounts were provided, in FY11–12 nearly two-thirds of the awards were 2.9% or less. On the other hand, the remaining one-third was 3% or more. In FY12–13 slightly over half were 2.9% or less, so almost half were 3% or more.

Figure 9. Provide details regarding increments of increase:

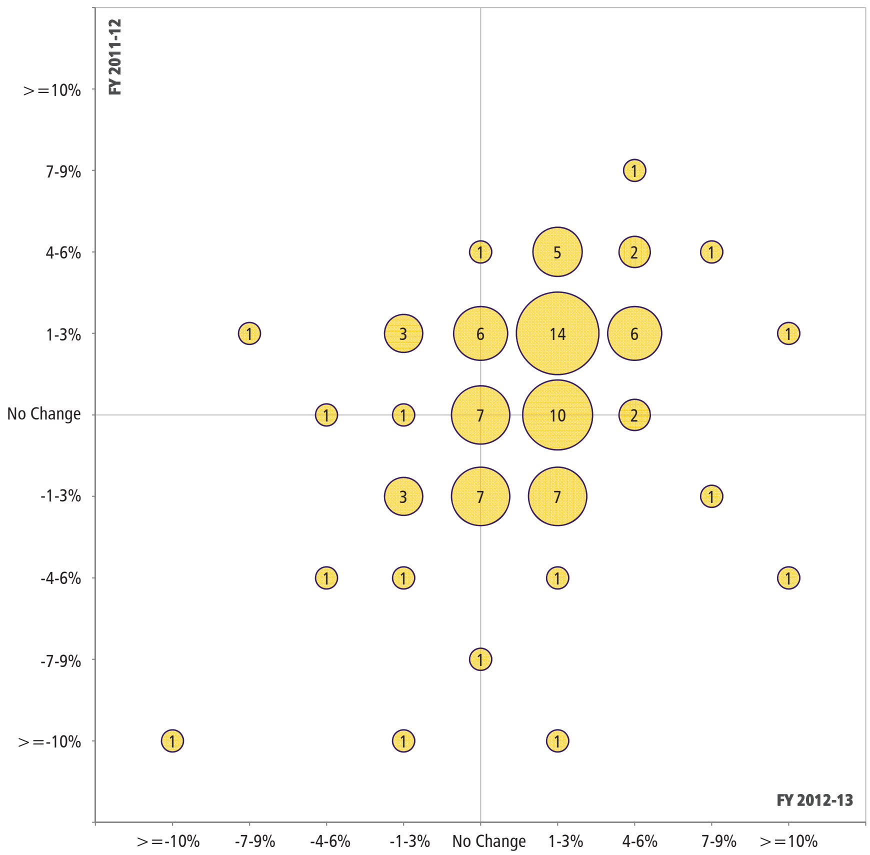


Discerning Patterns from the 88 Libraries

As mentioned in the introduction, 88 libraries (70% of ARL members) answered the survey for both fiscal years—9 Canadian, 23 US private universities, 52 US public universities, and 4 nonacademic. This allows for a cross tabulation of the two years, enriching understanding and allowing some speculation about trends. Scatterplot bubble charts are used here to illustrate the patterns from one fiscal year to the next because these reflect magnitude and graphically demonstrate the clustering/distribution of activity.

The acquisition budgets of these 88 libraries show that 41 (46.5%) experienced increases (upper half of chart), however small, in FY11–12 (see Figure 10). However, the data show (upper right quadrant) that only 30 (34%) received some increase again in FY12–13. This slightly positive news is attenuated by the fact that 14 libraries (16%) increased 3% or less both years, thus losing ground against inflation. Eleven of the 88 libraries (13%) received increases in FY11–12 but had flat budgets or budget cuts in FY12–13 (upper left quadrant). To put a fine point on it, of the 41 libraries that received some increase in FY11–12, 25 (61%) lost ground against inflation in FY12–13. Of the 47 libraries that experienced flat or reduced acquisition budgets in FY11–12, only 4 (9%) received FY12–13 increases greater than inflation (4% or greater). In summary, both years in succession 68 of the 88 libraries (over 77%) were assigned budgets that grew less than inflation, stayed flat, or declined. This does not look like a trend that will soon restore the pre-2008 buying power of acquisition budgets of ARL members.

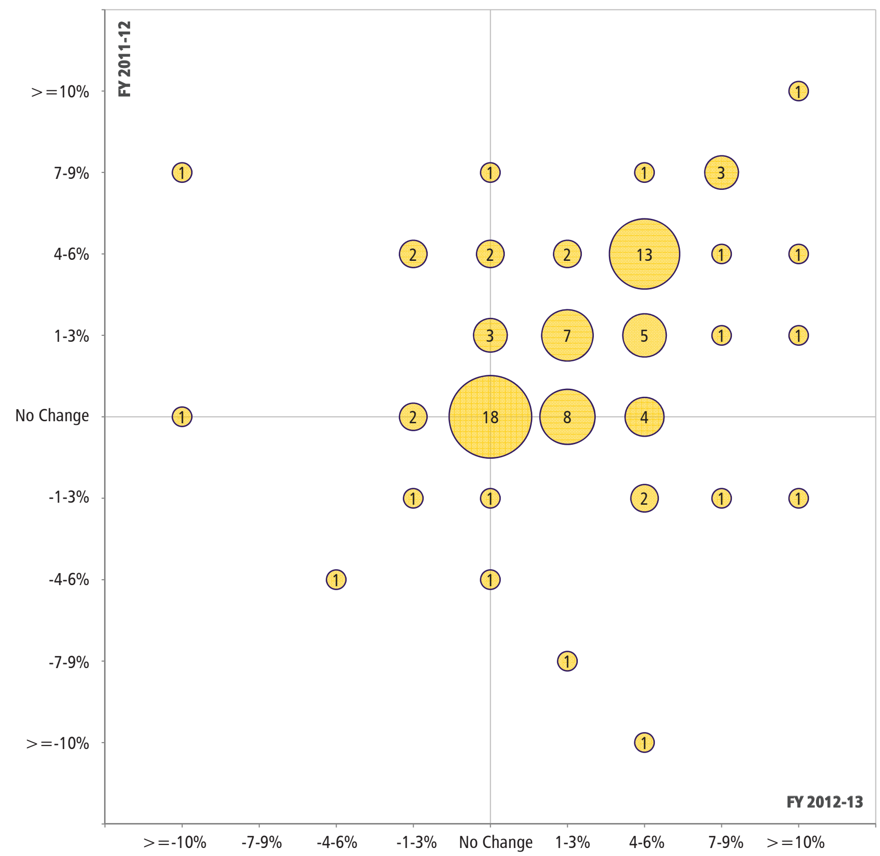
Figure 10. Acquisitions Budgets, FY2011–2012 & FY2012–2013



These patterns were distributed unevenly across the categories of membership. For instance, among ARL US public university members a mere 15 of the 52 (29% of the cohort) received increases both years. By contrast 15 of 23 US private university members (65% of the cohort) experienced increased acquisition budgets each of two successive fiscal years. A 2010 internal ARL survey indicated that 3% of the budgets for public institutions were dependent on endowments while the figure was close to 14% for private ARLs. Endowments are singularly focused on acquisitions and it is clear that the rebound in endowments has been a real benefit to these members of the Association. Canadian members of ARL seemed immune in the early years of the downturn. However, fewer than half of those reporting experienced increases in the two most recent fiscal years.

The administrative budgets of these same 88 libraries reflect a pattern that is similar to that of the acquisition budgets. Keep in mind that the largest component of administrative budgets is personnel salaries, where institutions were making a commitment to staff, some for the first time in three years. Figure 11 illustrates the point. The data show (upper right quadrant) that 36 libraries (41%) received increases in both fiscal years, but 7 of these were 3% or less and did not mark a significant improvement against the HEPI. Notably, 25 libraries (28%) lost ground—receiving flat or reduced budgets both fiscal years. The remaining 27 responding libraries (31%) had an uneven experience, receiving either flat or reduced administrative budgets one year and increases in the other.

Figure 11. Administrative Budgets, FY2011–2012 & FY2012–2013



Conclusions

The question one should ask is whether the data ARL has collected since 2008 begins to reveal a trend that might inform the future. Even the modest improvements of the last two years represent less positive news when viewed over the arc of acquisition budgets that have been static or trending downward since 2008. To put it another way—after three years of serious retrenchment an increase of 3% or less is hardly sufficient to restore the pre-2008 purchasing power of acquisition budgets. Nor is it heartening that such a large number of member libraries, after five years, still face flat budgets or continued serious retrenchment. The picture is no better for administrative budgets in member libraries.

For many, the pattern of increases one year combined with decreases or flat budgets another means that we continue in a very volatile period for research library funding. This has not been the historic pattern for ARL institutions. Albeit the decades-long trend has meant budgets frequently have not kept up with inflation, no period has witnessed the absolute declines in the dollars being allocated to these budgets. In short, for five years ARL institutions have been in a pattern that departs from the historic expectation of increased funding intended to at least ameliorate the inflation rate for library acquisitions and the cost of operations and personnel. Like acquisitions, administrative budgets have demonstrably suffered more since 2008 than at any time in recent decades. In sum, the downturn of 2008 was followed by a progressive de-funding of library budgets that reflected what was happening in higher education institutions generally. Recent years are best characterized as highly volatile. The trends do not encourage optimism that budgets have turned the corner, and this will have consequences for the teaching and research within higher education and in the market place of scholarly communications internationally.

Endnotes

1 ARL Statistics (Washington, DC: Association of Research Libraries, annual).

2 "ARL FY 2012–2013 Budget Survey" is an example of the stable instrument, see https://www.surveymonkey.com/s/JQ3G8NT.

3 National Association of State Budget Officers, *The Fiscal Survey of States, Fall 2012* (Washington, DC: National Association of State Budget Officers, 2012), ix, vii, http://www.nasbo.org/sites/default/files/Fall 2012 Fiscal Survey.pdf.

4 Charles B. Lowry, "Year 2 of the 'Great Recession': Surviving the Present by Building the Future," *Journal of Library Administration*, Haworth Press, 51, no. 1 (January 2011): 37–53; Charles B. Lowry, "Three Years and Counting—The Economic Crisis is Still With Us," *portal: Libraries and the Academy*, 11, no. 3 (2011): 757–64.

5 See, for instance, Dave Bogart, ed., *Library and Book Trade Almanac*, 56th ed. (Medford, NJ: Information Today, Inc., 2011), 461–90.

6 "About HEPI," Commonfund, accessed March 6, 2013, http://www.commonfund.org/CommonfundInstitute/HEPI/Pages/default.aspx.

7 "2012 HEPI Update" Commonfund, accessed May 3, 2013, http://www.commonfund.org/CommonfundInstitute/HEPI/HEPI Documents/CF_HEPI_2012.pdf.

8 Lowry, "Year 2 of the 'Great Recession,'" 761–62.

9 Ibid, 95.

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