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Section 5: Funding

5.1 - Fiduciary Responsibilities

New Jersey library law is quite specific in its assignment of duties and responsibilities to boards of trustees. It makes trustees responsible for the use of funds available for library purposes and for creating reports substantiating use of these funds.

Boards should review current library laws (see Section 4 or http://www.njstatelib.org/services_for_libraries/resources/library_law/) and should review and understand the requirements, methods and relationships established in the law.

5.2 - Overview

Funding of public libraries is addressed in this manual because assuring adequate funds for library services is a prime responsibility of trustees. They are accountable for the use of funds, and are responsible for informing elected officials about the funding level necessary to provide efficient and effective library service that meets the needs established by the library's strategic plan. In addition, it is essential that trustees are knowledgeable about supplementary funding sources detailed below.

A major source of library funding has resulted from new laws that assist libraries. In the long-term, secure financing may well depend on appropriate legislation, and trustees can play an important role in advocating for such statutes. Advocacy efforts are spearheaded by the New Jersey Library Association, and supported by the New Jersey Library Trustee Association. Both of these organizations are membership organizations and further information may be found at <http://njla.org/> and <http://www.njlibrarytrustees.org/>.

For more information on library budgets, funding formulas and statutes, visit http://www.njstatelib.org/services_for_libraries/consulting_services/library_trustees/.

5.3 - Local Funding Sources by Library Type

The major source of public library funding comes from local property taxes. State law allows the governing body of a municipality or county with an established public library or county library system to levy taxes in support of library service.

Association Libraries

Association libraries may receive funding from the municipalities in which they are located or any other municipality (N.J.S.A. 40:54-35). Those association libraries receiving public funds pursuant to N.J.S.A. 40:54-35 must be open to the public. Most association libraries serve municipalities that are also members of a county library system, and the association libraries may receive services paid for through the county library dedicated tax.

County Libraries

With the exception of Cumberland County Library and Morris County Library, all county libraries are supported by only those municipalities in the county that have not established a municipal library. Cumberland County Library is supported by all municipalities in the county regardless of municipal library status (N.J.S.A. 40:33-5.1), and Morris County Library has a

two-tiered system (N.J.S.A 40:33-19). For all types of county libraries, funding is provided through the apportionment of the budget sum among the member municipalities. The sum is raised by taxation and must be no less than 1/15 of a mill per dollar on the assessable property valuation of the municipalities in the county library system (N.J.S.A. 40:33-9).

Joint Libraries

Joint libraries are supported by the local property taxes of their member municipalities. A minimum level of funding for joint libraries has been established 1/3 of a mill on each dollar of assessable property within the service area based on the equalized valuation as certified by the Director of the Division of Taxation (N.J.S.A. 40:54-8). Additional amounts needed, as judged by the member municipalities' governing bodies, may also be raised by taxation. Increases are limited to 15% of the previous year's expenditures. Increases beyond 15% must be approved by the State Librarian.

The joint library agreement provides for the apportionment of the annual and special appropriations among the municipalities based on the assessed valuations of the municipalities, their populations, or other such factor as agreed upon by the governing bodies.

Municipal Libraries

Municipal libraries are supported by local property taxes. A minimum level of funding for municipal libraries has been established at 1/3 of a mill on each dollar of assessable property within the municipality based on the equalized valuation as certified by the Director of the Division of Taxation (N.J.S.A. 40:54-8). Additional amounts needed, as judged by the municipality's governing body, may also be raised by taxation. Increases are limited to 15% of the previous year's expenditures. Increases beyond 15% must be approved by the State Librarian.

5.4 - State Support

State Aid is provided by the New Jersey Legislature and administered by the New Jersey State Library. While the law allows for many different types of State aid to different types of libraries (see N.J.S.A. 18A:74-1 et seq. and N.J.A.C. 15:21-1.1 et seq.), Per Capita State Aid has been the only grant program funded by the legislature for many years.

Per Capita State Aid is calculated according to a formula that includes the annual amount of funding from the legislature, each municipality's/county's level of support to the library calculated as a ratio (current year local tax support to the library divided by the prior year's equalized valuation of the political entity or entities), the population of the library's legal service area and the library's compliance with the minimum standards established by regulation (N.J.A.C. 15:21-2.1 et seq.). There are five aid categories, ranging from \$.50 to \$1.50 per capita. Minimum standards are based on the size of the legal service population and include such categories as: appropriate number of state-certified librarians, collection size, annual collection growth rate, periodical subscriptions, number of open hours per week and staff training.

Network Aid is provided by the New Jersey Legislature and administered by the New Jersey State Library. It is used to support the programs and services of the New Jersey Library Network. Members of the New Jersey Library Network include the New Jersey State Library, the state's library cooperative, LibraryLinkNJ, and the public and private libraries of the state. Funds may be used for such activities as delivery of library materials, continuing education, pilot projects, and the licensing of statewide resources as well as staffing and other operating costs associated with these activities.

5.5 - Federal Support

Annual federal funding is provided through the Library Services and Technology Act (LSTA). This program is administered by the Institute of Museum and Library Services (IMLS). Each state receives an appropriation, to be used for the purposes of LSTA, based upon both a base grant as well as a population-based allocation. In New Jersey LSTA funds are used to support the programs, services and staff of the New Jersey Talking Book and Braille Center, and to provide funding for programs in the areas of literacy and diversity. Funding may also be used for other programs and services such as statewide resource licenses, the statewide interlibrary loan system and technology services and infrastructure.

The New Jersey State Library applies for and receives other federal funding as opportunity permits. Grants for statewide technology and infrastructure development, training for librarians and preservation training have been received over the years.

Individual libraries may apply for E-Rate subsidies discussed elsewhere in this manual. Individual libraries may also seek funding from government sources.

5.6 - Private Grant Funding

New Jersey State Library has been awarded private grant funds benefiting public libraries, primarily from the Bill and Melinda Gates Foundation. Grants from this foundation have provided computer hardware and software for poverty-eligible public libraries, computer training labs in some of these same libraries, computer training for library staff as well as programs to address the technology needs of rural and Hispanic populations. In addition, the State Library is administrator of the Tischler endowment, a fund which is designated to support collection development for small and needy libraries in the state.

Many libraries seek grants from foundations, corporations, endowments and local businesses.

5.7 - Library Revenues Permitted by Law

Municipal and joint libraries may charge, retain and expend money collected from fines as per N.J.S.A 40:54-17, and photocopy fees as per N.J.S.A 40:54-17.1.

5.8 - Donations, Gifts and Bequests

Many libraries also rely on grants and donations from foundations, local businesses, Friends of the Library groups, and individual residents. Building a tradition of honoring persons with a gift to the library or including a bequest in a will is a form of giving which trustees can foster. Some libraries have worked with lawyers, doctors and funeral directors to assist them in making recommendations about giving to libraries. Many organizations earmark some of their funds for an annual gift to the library or a special gift in support of a particular service or need.

Library boards should, however, have a policy on acceptance of gifts. The policy should address issues such as these: if funds are designated for a special purpose, should the library have the right to refuse the gift if the purpose is unsuitable? Is it best to cumulate cash funds in an endowment and draw upon the income? Can the library board refuse to

take a gift, e.g., a statue it doesn't need or a book collection that is not useful? If the purpose is no longer valid, how can the board liberate funds it accepted for a specific purpose? Having policies responding to these questions will avoid misunderstandings about donations with donors.

5.9 - Fundraising

As local government units, there is no law permitting local libraries to perform fundraising activities. For this reason, it is recommended a Friends group be established to raise funding for supplemental expenses, or a Foundation for an endowment or a building program. Trustees and the director are often instrumental in encouraging the founding of these groups, especially when there is a major need for facilities improvements. Once established, these are autonomous groups.

Association libraries as registered non-profits may raise funding. Association library trustees will need to familiarize themselves and remain in compliance with the New Jersey Charitable Registration laws which may be found at <http://www.state.nj.us/lps/ca/charity/charfrm.htm>.

Association library trustees and anyone wishing to establish a Friends of the Library group or foundation will find valuable resources on the webpage of the Center for Non-Profits (<http://www.njnonprofits.org/>). This organization provides excellent general resources as well as information specific to New Jersey.