

The Library of Living and Interactive Art Policy Manual (Chapter 8)

Special Library

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Chapter 8: Budget

The fiscal year runs from July 1 to June 30 each year. Funding is provided by grants, donations, endowments, space rentals, profits from the library store, and general fees. Allotments are divided into three sections: Personnel, collection, and operational funds.

Budgeting Procedures

LILA operates on a zero-based budget. Each year the library must reach zero or a low negative cash balance (Cleary, 2015). The purpose of this budget system is to avoid leftover funds (or carry-over) being deposited back into general funds and used for non-essential expenses. At LILA, we believe in planning and monitoring the use of budget funds down to the dollar. Through a zero-based budget system, all expenses are planned (to the best of our ability) and justified (Jennings, 1980). It is our belief at LILA that all funds should be used wisely and efficiently. This budget plan is particularly vital in light of the high expense of the technology, devices, and library materials that must be accounted for in the annual budget. To maintain the budget through the end of the fiscal year, LILA follows a set of procedures.

1. All predictable expenses are monitored and recorded (Cleary, 2015). Most of these expenses are monthly, quarterly, or yearly and correspond with subscriptions, services, or utilities.
2. The budget accounts for all programs and acquisitions that LILA can adequately justify (Jennings, 1980).
3. A zero-countdown spreadsheet is created to monitor spending and progress on the annual budget (Cleary, 2015). Projects and large purchases may be approved on a monthly basis using the plan detailed in the spreadsheet.

4. For increased flexibility, installment payments may be used for significant one-time expenses (Cleary, 2015).

Funding

Grants, Donations, and Endowments (48%)

As LILA is a private institution, the library does not factor tax monies into the yearly budget. Instead, the library relies heavily on contributions by partnered organizations and private individuals. LILA annually receives numerous grants from a variety of organizations. Most recently, the library received a grant for the 2046-2047 fiscal year from the National Endowment for the Arts to help fund a project celebrating portraiture done by artists from under-represented groups. LILA also enjoys sponsorship from many well-known patrons of the arts, including former Korean rapper Choi Seung Hyun (T.O.P.), who began growing his reputation as an art collector after stepping away from the music industry.

Along with grants, LILA relies on a sizable general endowment fund that wealthy former benefactors of the Getty and LACMA created at the institution's founding. The general endowment includes the funds that LILA's parent organizations could legally invest in a private institution as well. The library also boasts endowment funds that were specifically gifted for building in-house models for the 3D Model collection, acquiring new material for the Physical Art collection, and funding LILA-sponsored performances and exhibitions. Benefactors must donate a minimum of \$100,000 to begin a new endowment. LILA sets aside a maximum of 5% of endowment funds for spending purposes.

Fundraising (20%)

Fundraising is LILA's second largest source of income. The Friends of LILA (Friends) organization spearheads the majority of the library's fundraising efforts. Friends endeavors to

raise funds with the expressed purpose of contributing to the acquisition of new interactive books as well as maintaining and/or upgrading the technology available to patrons. LILA may also ask Friends for help fulfilling specific financial needs in other parts of the library. Outside of the efforts by Friends, LILA also holds library-sponsored exhibitions, performances, and guest lectures to help reduce operational costs for the library through ticket sales.

Exhibition and Performance Hall Rental (17%)

Along with library-funded events, LILA also allows patrons to rent the exhibition and performance halls for personal use. Artists and musicians regularly use the space for exhibitions, gallery shows, recitals, and concerts. LILA has also hosted dance and theatre troupes, directors, and lecturing art historians and critics. The library offers competitive rates for both short-term and long-term rental contracts that allow the institution to generate funds while also providing a fairly affordable platform of expression for the surrounding community as well as art-minded individuals from around the globe.

Library Store (10%)

LILA runs a small store that generates modest funds for the annual budget. The store sells merchandise featuring artwork and buildings from the library's collection that are the most popular with patrons. Such merchandise includes t-shirts with changing graphics, notebooks that auto-fill based on the user's brainwaves, and novelty mugs. Proceeds from the LILA store supplements the acquisitions for the general collection.

Fees (5%)

LILA's smallest source of funding is library fees. LILA charges late fees for each extra day material from the general collection is kept off-site. The library also charges late fees for each extra half-hour that patrons keep reference books and technological equipment—such as

tablets and earbuds—while onsite. Patrons who permanently misplace material from the collection are subject to fines equal to the value of the lost material plus the flat fee LILA charges for missing material. LILA also charges patrons who return significantly damaged material based on the extensiveness of the damage and cost of repairs. LILA’s final—and most expensive—fee is for patrons who attempt to violate the library’s terms of use and intellectual property by attempting to hack and/or duplicate LILA’s specialized artificial intelligence and simulation programming.

Allotment

Personnel Funds (60%)

Personnel salaries and related costs are the largest and most important funds in our budget. “Related costs” include benefits like healthcare insurance, unemployment insurance, retirement accounts, and paid leave, which together represent about 30% of employee compensation. These figures are relatively stable year to year thanks to low employee turnover, with generally fewer than 3 or 4 new hires or replacement hires annually. The HR department manages payroll, benefits and various financial tasks. The current employee roster with total compensation (salaries and benefits) is as follows:

- Library Director (Head of Acquisitions / Collections Development) - \$400,000
- Assistant Library Director 1 (Head of Library Programming) - \$300,000
- Assistant Library Director 2 (Head of Cataloging) - \$300,000
- Head of Technical Services (IT, Lila AI dev / support) - \$250,000
- Librarian IV (Head of Circulation Desk, Interactive Books and e-books) - \$200,000
- Librarian IV (Head of Artwork Special Collection) - \$200,000
- Librarian IV (Head of 3D Modelling Special Collection) - \$200,000

- Artist in Residence - \$100,000
- Librarian III (Circulation, Reference, Acquisitions team) - \$150,000
- Technical Services 3 (3D modelling) - \$120,000
- Technical Services 2 (device support) - \$100,000
- Administrative Assistant - \$85,000
- Administrative Assistant - \$85,000
- Human Resources Director - \$250,000
- Human Resources Assistant Director - \$175,000
- Librarian II (Circulation Desk / Interactive Books Stacks) - \$95,000
- Librarian I (Circulation Desk / Interactive Books Stacks) - \$75,000
- Librarian II (e-books and tablets) - \$95,000
- Librarian I (e-books and tablets) - \$75,000
- Modelling Special Collection Librarian III (Subject Specialist) - \$150,000
- Artwork Special Collection Librarian III (Subject Specialist) - \$150,000
- Artwork Special Collections Librarian II - \$130,000
- Paraprofessional User Services Associates (Greeters, help desk, pages) - \$60,000 x 3
- Head of Maintenance - \$150,000
- Assistant Director of Maintenance - \$110,000
- Maintenance Crew - \$75,000
- Maintenance Crew - \$75,000

Collection Funds (30%)

The second highest budgetary priority is our various collections of materials and electronic resources. Listed from most critical to least they are 3D models, Art, Interactive Books, and e-books. The annual budget breakdown is as follows:

- 3D Models – 47%
- Art – 35%
- Interactive Books – 12%
- E-books – 6%

With the exception of the 3D models and Art line items, the rest of these allocations are paid to vendors for new or replacement materials. The 3D models funding is spent with vendors and for certain projects also on collaborative work with partner organizations in the form of travel expenses, software development, hardware purchases and consultant fees. LILA's 3D models collection and the accompanying technology are the highest priority and have the largest allocation of any of our collection areas. This is due in part to the popularity and global reputation of the collection and also because it is particularly emblematic of our mission to bridge cutting edge technology and art. The complex nature of the creation of new models means that actual costs or needs may be greater or lesser than last year's budget, making forecasting more difficult. In the event that we have unspent funds in the models budget in the last quarter of the fiscal year, we will attempt to spend those funds in other collection categories.

Funds for the art special collection are split between the acquisition of new original artwork and resources needed to digitize the artworks for their eventual display as “simulated scenes” (interactive holograms) on specialized glass tablets. The budget, based on an average of the past two years expenditures, is split as follows:

- Purchase of original art works – 80%
- Costs of digitizing art works (software, hardware) – 20%

The money allocated for e-books is meant to pay for maintenance and repairs of e-book readers (tablets) as well, and the interactive books funds likewise cover repairs to the entire collection. The collection funds available for interactive and e-book purchases are spent on multiple subjects in the same percentages, give or take small (< 5%) margin of error. (See Appendix C.)

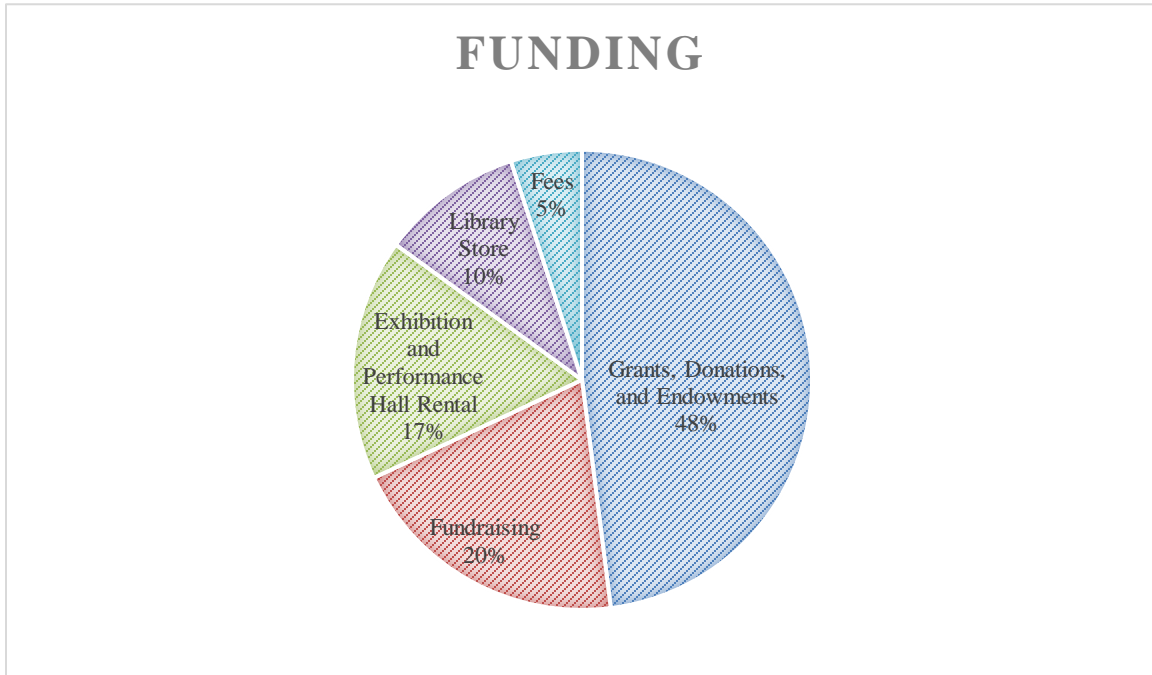
Operational Funds (10%)

LILA's general funds account for 10% of LILA's budget. All items categorized here are necessary for day to day operations and are further divided by priority. "High priority" (6% of overall budget) items include updated technology/equipment and security. This also accounts for any administrative expenses. These items ensure the upkeep and safety of the collection and collection technology. "Middle priority" (3% of overall budget) refers to the upkeep and operation of the building location. These items include utilities, maintenance, and landscaping. Lastly, the "lowest priority" (1% of overall budget) items include non-essential services/equipment. Makerspace materials, theater necessities, exhibition pieces, and store inventory fall into this category.

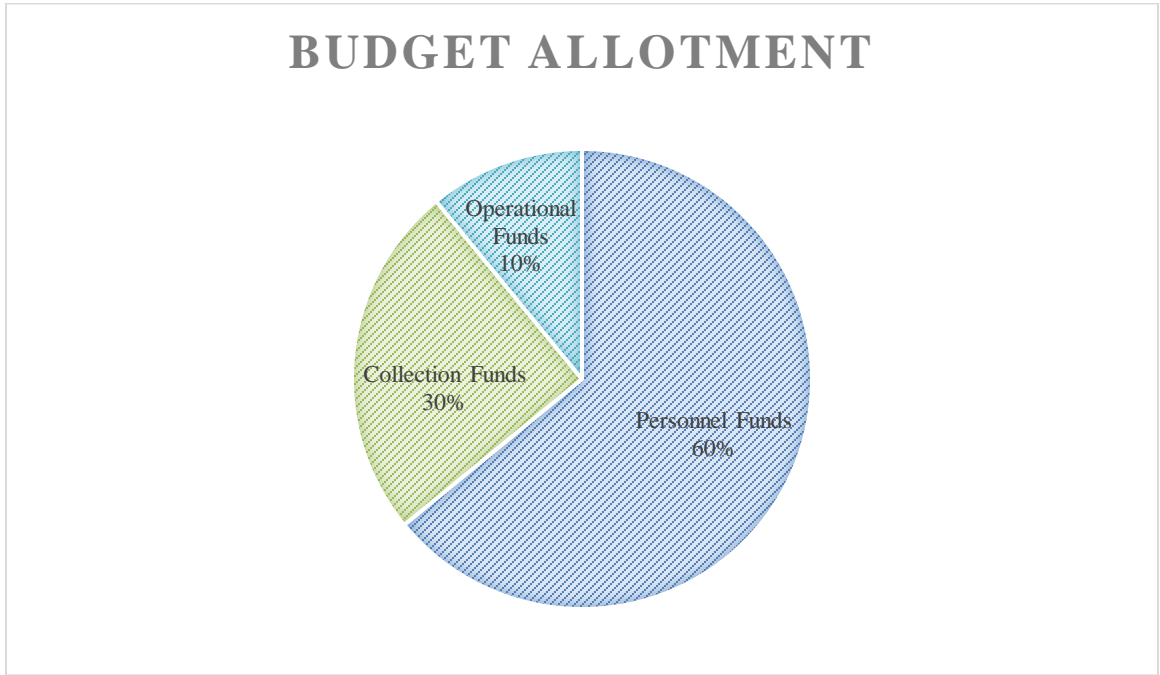
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Appendix A: Sources of Funding Chart



Appendix B: Budget Allotment Chart



Appendix C: E-book and Interactive Book Allocation Table

| E-books | Percentage of Budget |
|-------------------------------------|-----------------------------|
| Artist Retrospectives / Biographies | 30% |
| Art History | 10% |
| Art Movements | 10% |
| Digital Art | 10% |
| Multi-Media Art | 10% |
| Performance | 10% |
| Sculpture / Installation | 10% |
| Painting | 10% |
| Interactive Books | Percentage of Budget |
| Artist Retrospectives / Biographies | 30% |
| Art History | 10% |
| Art Movements | 10% |
| Digital Art | 10% |
| Multi-Media Art | 10% |
| Performance | 10% |
| Sculpture / Installation | 10% |
| Painting | 10% |