

VTLIB Stormy Fiscal Seas Series

Part 1: Rafting Down the Economic Rapids

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Extension assistant professor

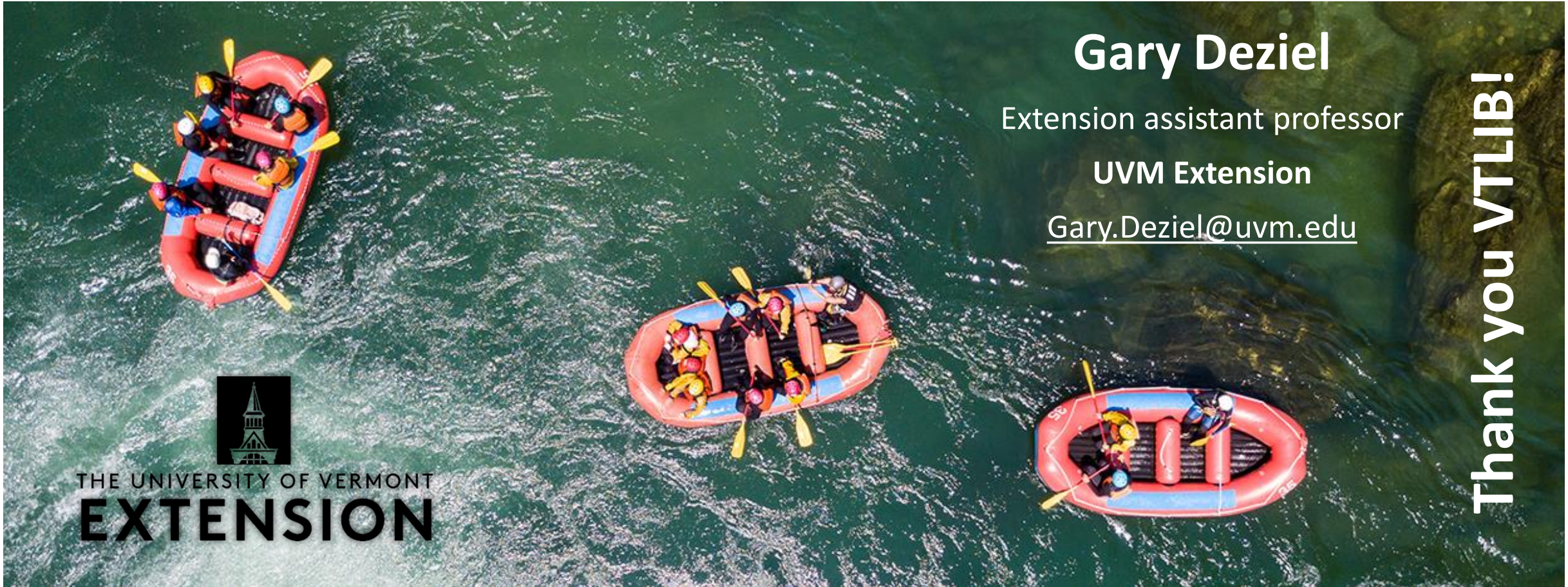
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Thank you VTLIB!



THE UNIVERSITY OF VERMONT
EXTENSION



This session will provide a backdrop for public library budget management and budget-building in the face of spiraling costs and the threat of recession.

- Wait, what? Inflation *and* recession?
- The impact of inflation on resetting pay strategies,
- The fight for improved library pay and benefits, and
- Q&A and discussion

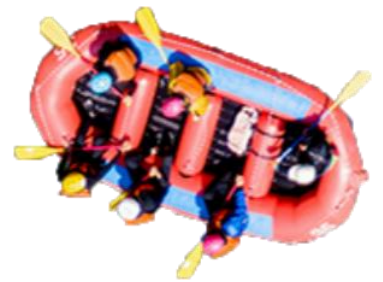




Inflation

[in-'flā-shən]

A rise in prices, which can be translated as the decline of purchasing power over time.



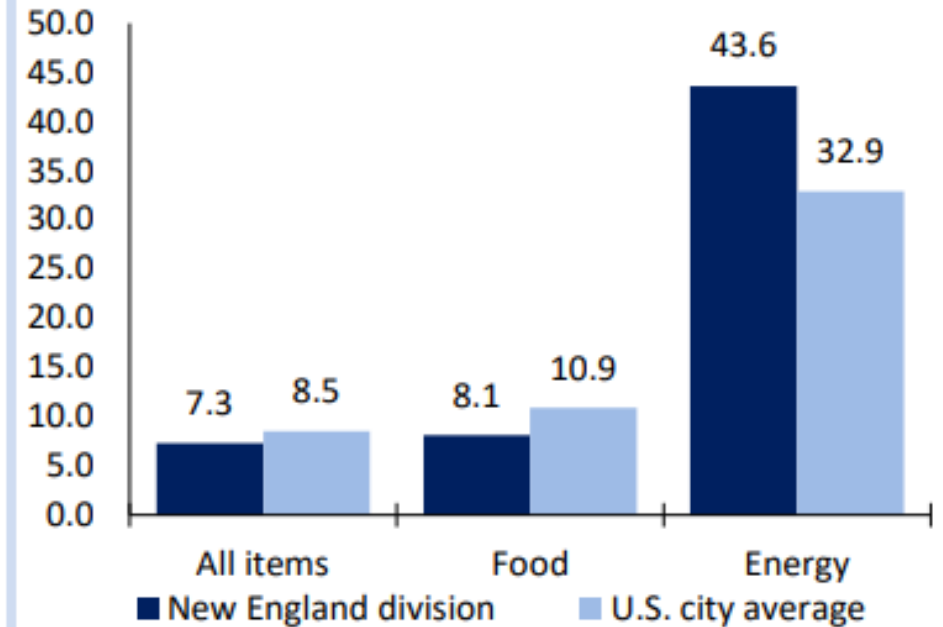
How *Inflation* Has Changed the Price of a Cup of Coffee Over Time





Over-the-year change in the prices paid by urban consumers for selected categories

12-month percent change in CPI-U, July 2022



Source: U.S. BLS, Consumer Price Index.

The **Consumer Price Index (CPI)** is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. Indexes are available for the U.S. and various geographic areas.

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2012	2.3	2.2	2.3	2.3	2.3	2.2	2.1	1.9	2.0	2.0	1.9	1.9
2013	1.9	2.0	1.9	1.7	1.7	1.6	1.7	1.8	1.7	1.7	1.7	1.7
2014	1.6	1.6	1.7	1.8	2.0	1.9	1.9	1.7	1.7	1.8	1.7	1.6
2015	1.7	1.7	1.8	1.8	1.7	1.8	1.8	1.8	1.9	1.9	2.0	2.1
2016	2.1	2.1	2.2	2.1	2.2	2.2	2.2	2.3	2.2	2.1	2.1	2.2
2017	2.0	2.0	1.9	1.7	1.7	1.7	1.7	1.7	1.7	1.8	1.7	1.8
2018	1.8	2.1	2.1	2.2	2.3	2.4	2.2	2.2	2.1	2.2	2.2	2.2
2019	2.2	2.0	2.1	2.0	2.1	2.2	2.4	2.4	2.3	2.3	2.3	2.3
2020	2.3	2.1	1.4	1.2	1.2	1.6	1.7	1.7	1.6	1.6	1.6	1.6
2021	1.4	1.3	1.6	3.0	3.8	4.5	4.3	4.0	4.0	4.6	4.9	5.5
2022	6.0	6.4	6.5	6.2	6.0	5.9	5.9	6.3				



**CPI for All Urban Consumers (CPI-U)
12-Month Percent Change**

Series Id: CUUR0000SA0L1E

Not Seasonally Adjusted

Series: All items less food and energy in U.S. city average,

Area: U.S. city average

Item: All items less food and energy

Base: 1982-84=100

Years: 2012 to 2022

https://www.bls.gov/data/inflation_calculator.htm

**Median revenue from VTLIB PL
2021 stats, all libraries: \$93,843**

CPI Inflation Calculator

\$

in

has the same buying power as

in

Calculate

“The Congressional Budget Office ... expects that the consumer price index will rise 6.1% this year and 3.1% in 2023.”

[Inflation to last into 2023, says Congressional Budget Office - CBS News](#)

How Does Inflation Work?

Inflation represents the rate at which the cost of goods and services increase over a period of time.

Demand-Pull



When demand for goods/service exceeds production capacity.

Cost-Push



When production costs increase prices.

Built-In



When prices rise, wages rise too, in order to maintain living costs.

Key points

1. Inflation is sometimes classified into three types: demand-pull inflation, cost-push inflation, and built-in inflation.

An **increase in the supply of money** is generally considered the root of inflation.

- Printing and giving away more money to citizens
- Legally (or market) devaluing (reducing the value of) the legal tender currency
- Loaning new money into existence through the banking system by purchasing government bonds (the most common method)

Examples.

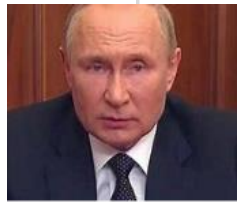
- The gold plundered from the Aztecs by the Spanish.
- Germany, 1920's money policy.
- The American Rescue Plan (\$1,000,000,000,000).



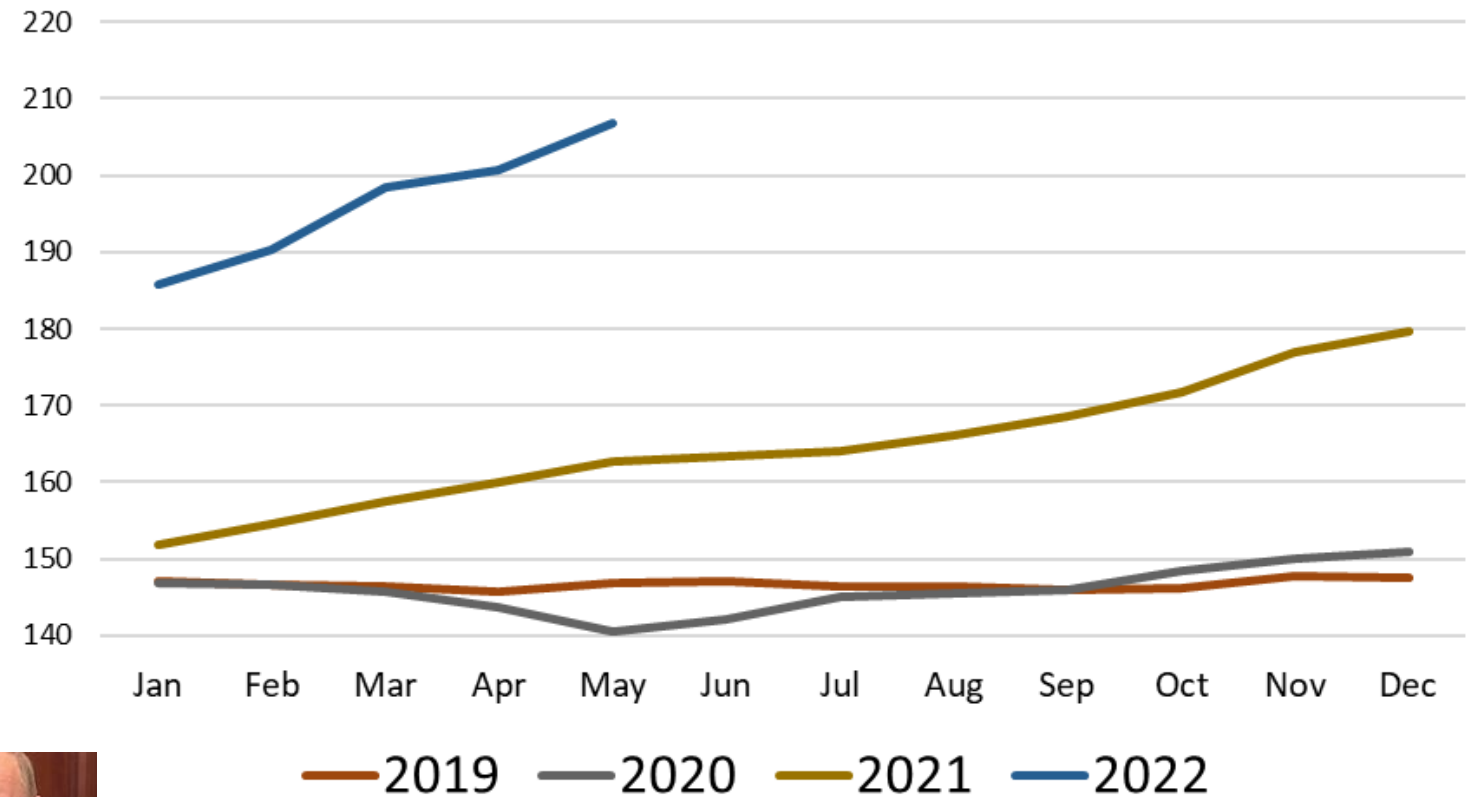
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Supply chain disruption.

- COVID-19; Companies cut production, laid-off workers, then demand spikes as money flows, production recovery difficult.
- Labor
- War
- Transportation

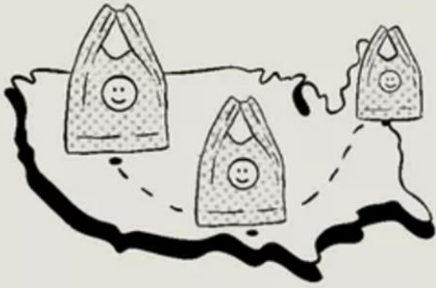


**Producer price index:
truck transportation 2019 - 2022**




Recession

- [NBER](#) National Bureau of Economic Activity has its own definition of what constitutes a recession, namely “a significant decline in economic activity spread across the economy, lasting more than a few months, *normally* visible in real GDP (*gross domestic product*), real income, employment, industrial production, and wholesale-retail sales.”

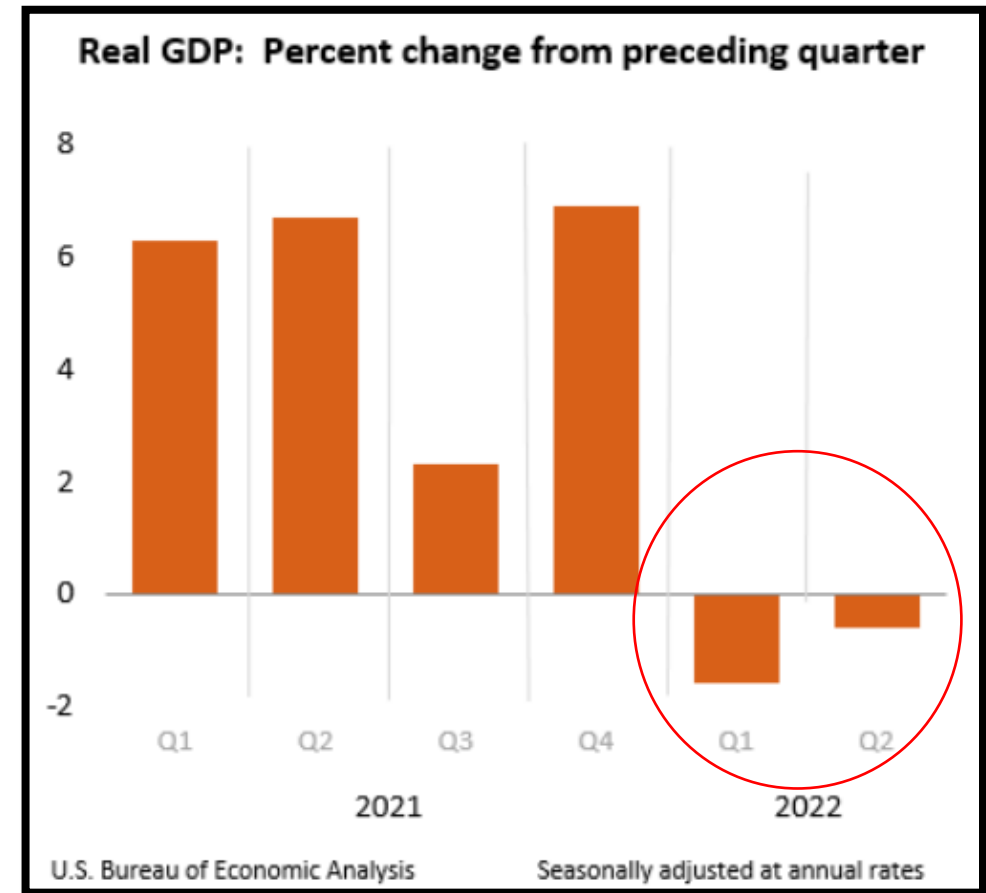


GDP
[ˈjē ˈdē ˈpē]

The total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period.

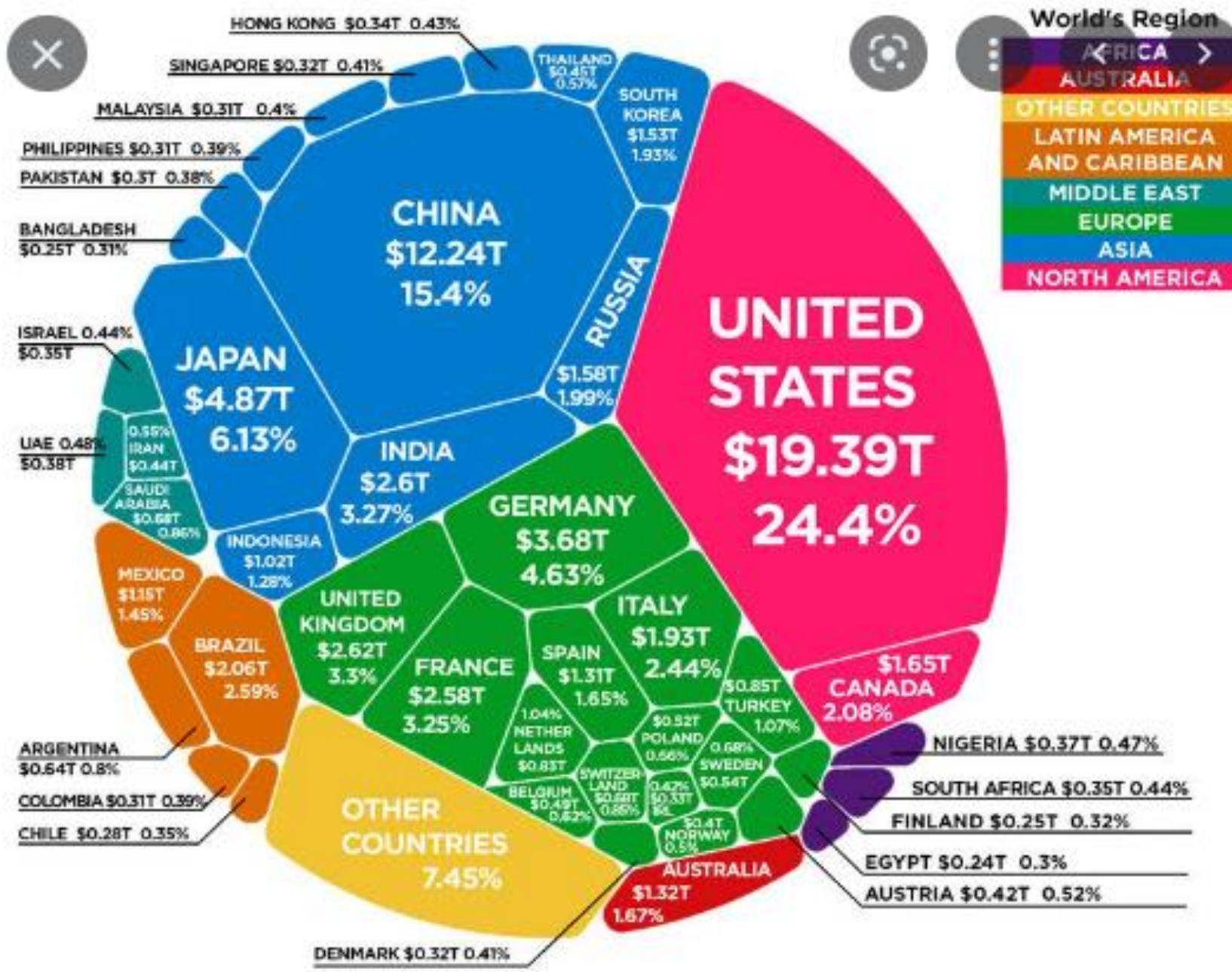


One person's spending
is another person's
income!



[Gross Domestic Product | U.S. Bureau of Economic Analysis \(BEA\)](#)

[Gross Domestic Product \(GDP\): Formula and How to Use It \(investopedia.com\)](#)



[How Does GDP Affect the Standard of Living? \(investopedia.com\)](https://investopedia.com)

Walmart - Revenue



\$572.8 billion (2022)

The Motley Fool

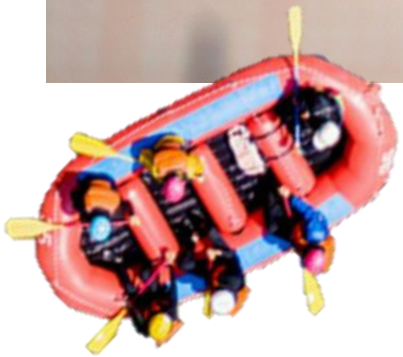
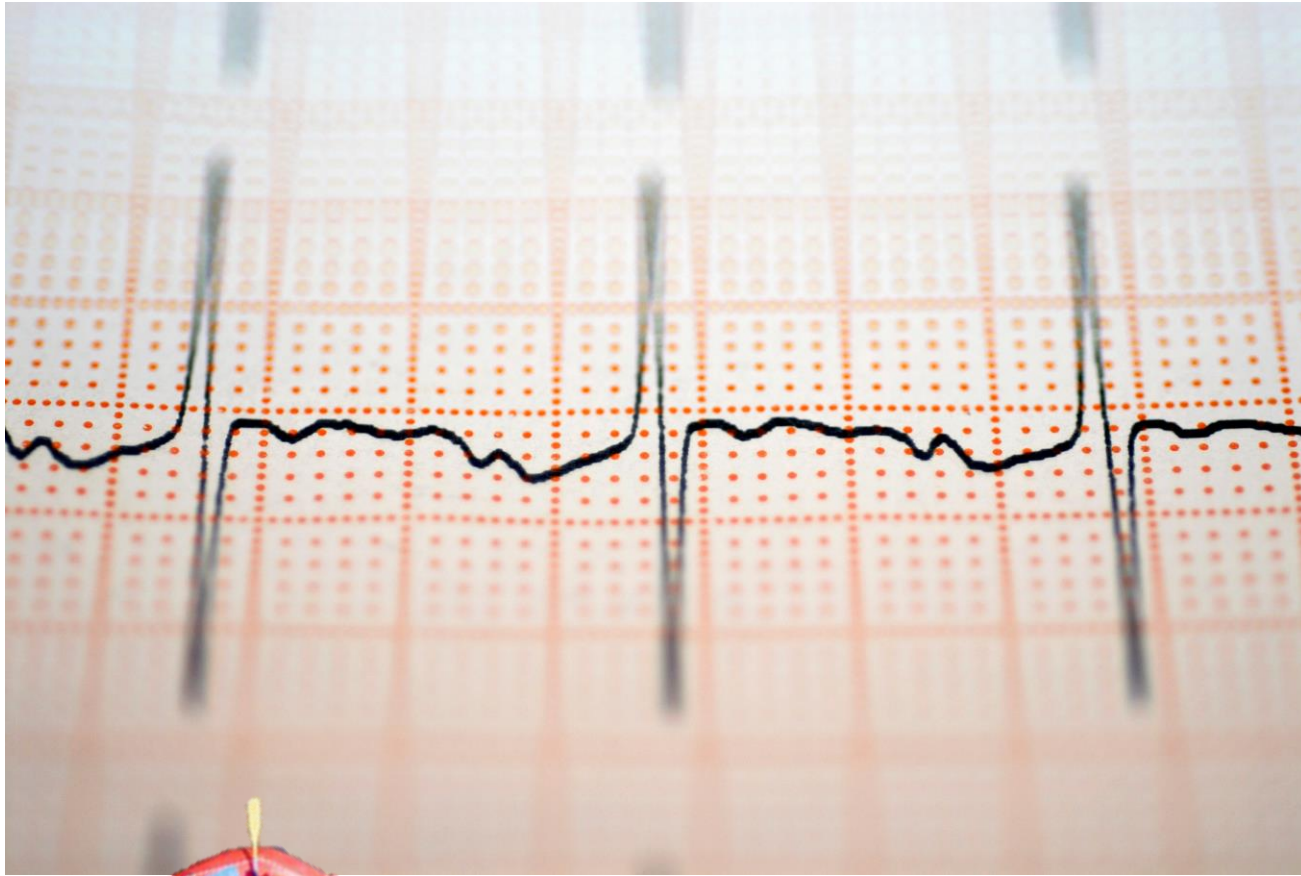
Our Services Investing Basics Stock Market Retirement

FREE ARTICLE Join Over 1 Million Premium Members And Get More In-Depth Stock Guidance and Research

Today's Sole Dow Jones Stock Winner Just Signaled a Recession

By Dan Caplinger - Sep 21, 2022 at 6:18PM

Article and Sources:
<https://howmuch.net/articles/the-world-economy-2017>
<http://databank.worldbank.org/data/download/GDP.pdf>



Consumer sentiment plays a role...

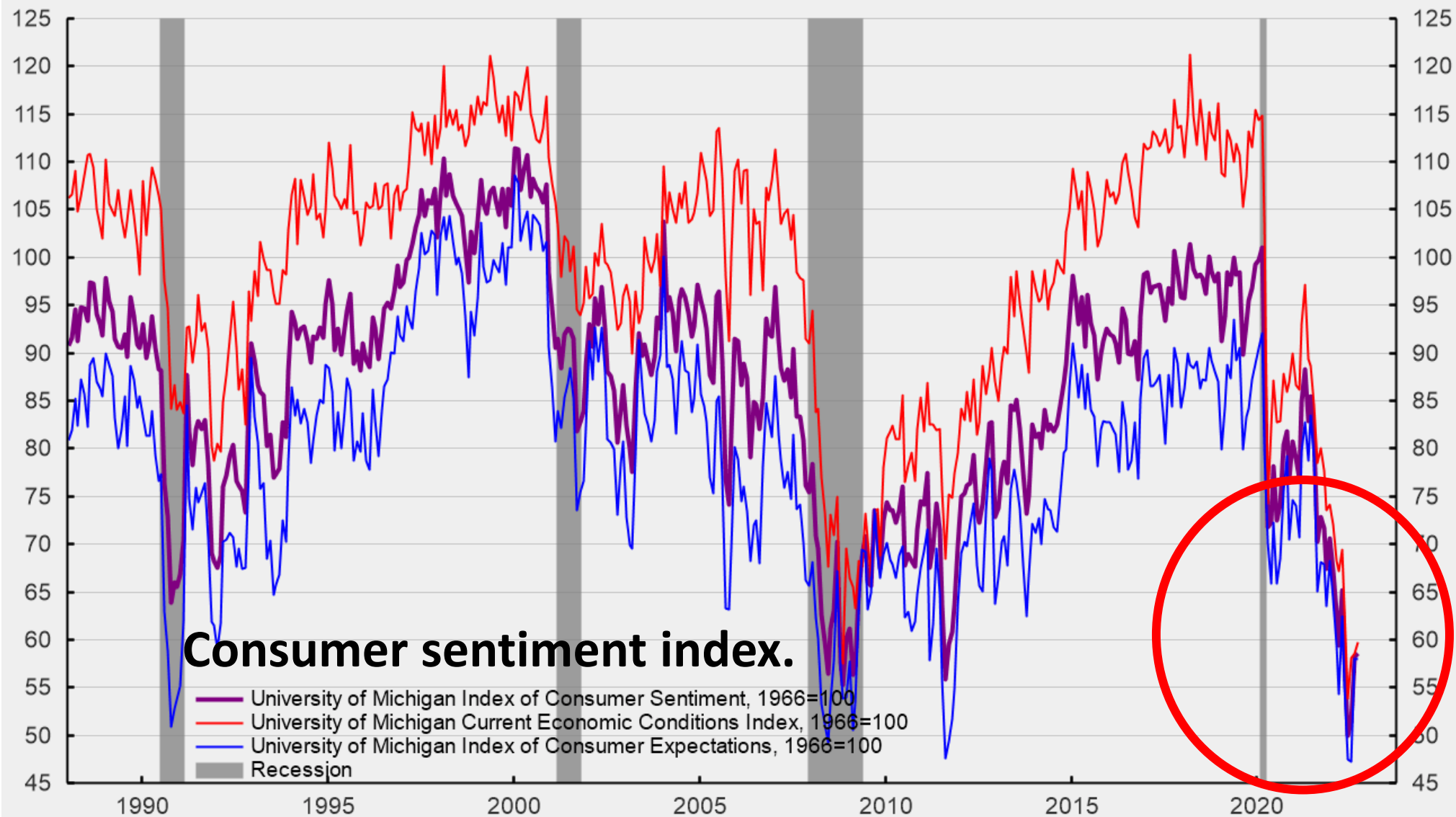
“...economic risks remain elevated due to the

1. impact of **inflation**,
2. an **aggressive Fed** tightening cycle, and
3. continued **fallout** from the Russian invasion of Ukraine.
4. As the midterm elections approach, the ramping up of **negative political ads...**”

[Consumer Sentiment Remained Weak in September | AIER](#)



Consumer sentiment was little changed in September, holding near recessionary levels



Recession

“a significant decline in economic activity normally visible in... real income, employment, industrial production, and wholesale-retail sales.”

USS Recession

- Shift fear and uncertainty into **action**.
- **Plan for lean times** in good times. What would you do if presented with a 2% cut? A 5% cut?
- **Innovate and adapt**; offer programs and products that speak to the times; maintain quality; show value – **public relations**
- Certain places – think *your place* – can thrive during a recession.

Recession

“a significant decline in economic activity

normally

visible in...

real income, employment, industrial production, and wholesale-retail sales.”

USS Recession

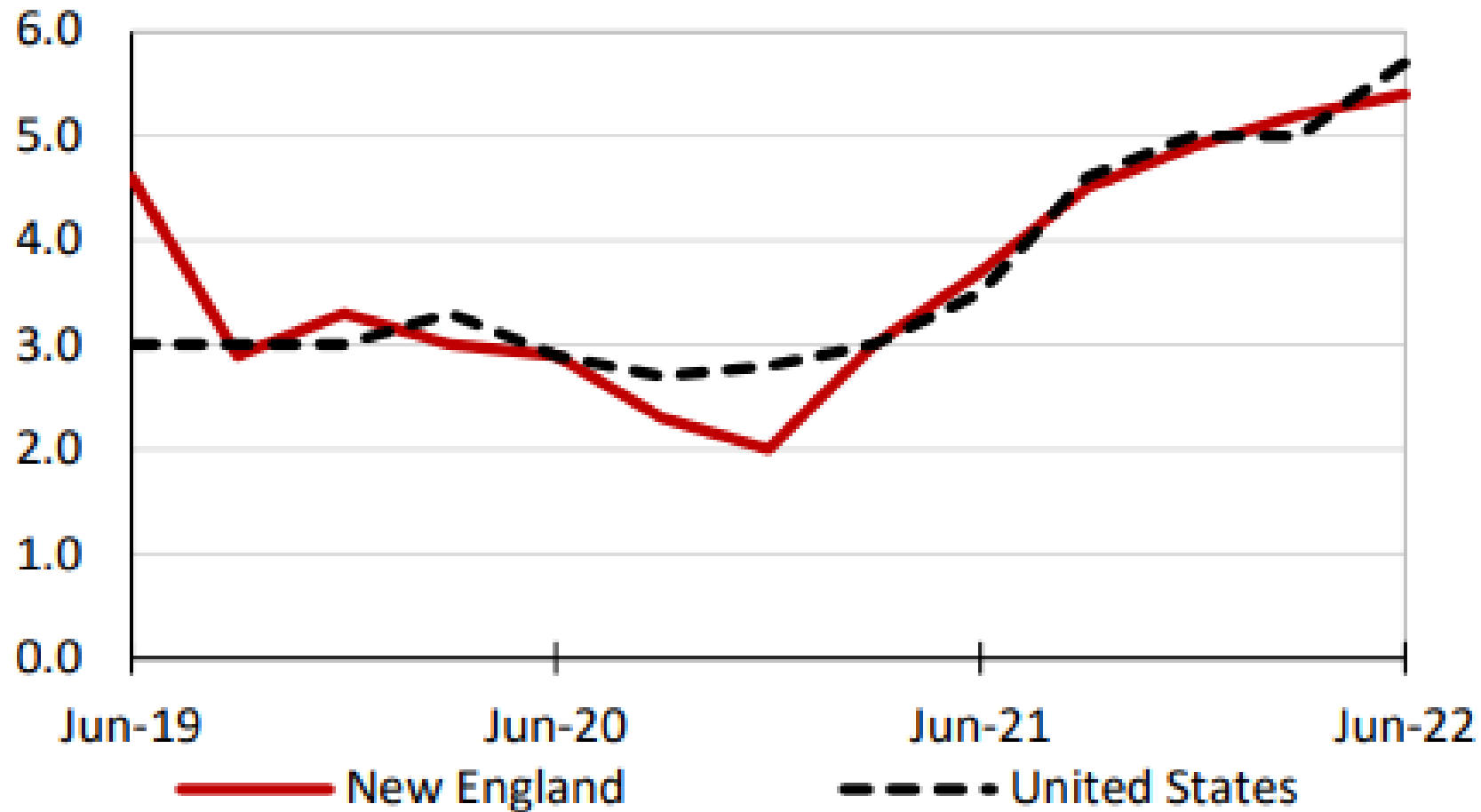
- **Shield** payroll, benefits, and **workers**; but know there are “talent opportunities” if unemployment spikes
- **Find partners** – co-programming; build municipal and community relationships
- **Build** cash reserves
- **Diversify** revenue sources
- **Protect & grow** your patron base



- **The impact of inflation on resetting pay strategies; keeping up with the cost of living**
- **The fight for improved library pay and benefits, and**

Over-the-year changes in wages and salaries

12-month percent changes in ECI



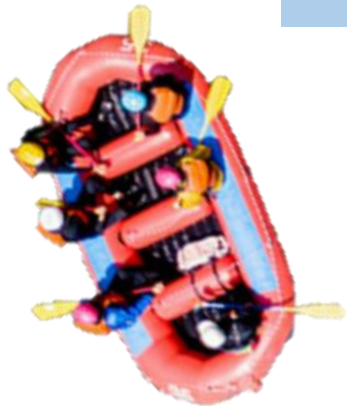
Source: U.S. BLS, Employment Cost Index.

Wages and salaries increased 5.3 percent for the 12-month period ending in June 2022 and increased 3.2 percent for the 12-month period ending in June 2021.

5.3%

Among **private industry** wages and salaries increased 5.7 percent for the 12-month period ending in June 2022 and increased 3.5 percent in June 2021.

5.7%



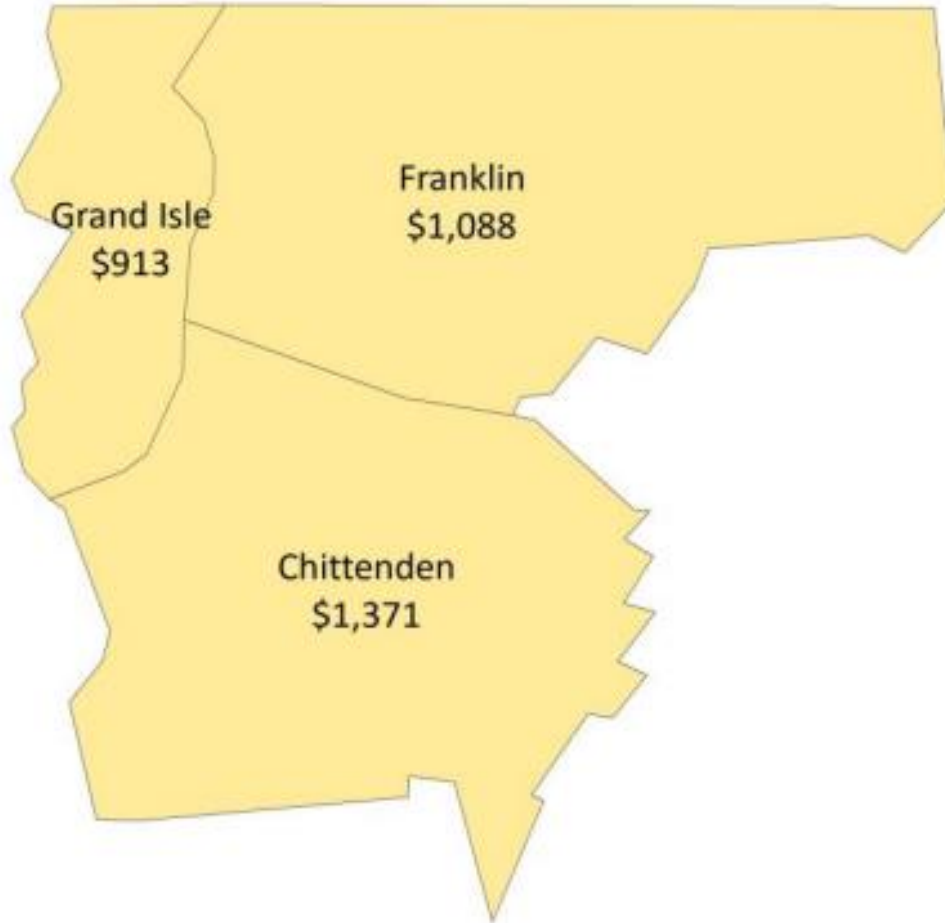
For **state and local government workers**, wages and salaries increased 3.2 percent for the 12-month period ending in June 2022 and 1.6 percent a year ago.

3.2%

Average weekly wages for all industries by county

Burlington area, fourth quarter 2021

(U.S. = \$1,418; Area = \$1,327)



Source: U.S. BLS, Quarterly Census of Employment and Wages.

	1 ADULT			
	0 Children	1 Child	2 Children	3 Children
Living Wage	\$17.81	\$35.94	\$45.11	\$60.44

[Living Wage Calculator - Living Wage Calculation for Vermont \(mit.edu\)](#)

[Basic Needs Budget | Vermont Legislative Joint Fiscal Office](#)

TOP REASONS FOR RAISES IN 2018

	% OF RESPONDENTS
Performance	50%
Retention	18%
Cost of living	11%
Compliance	11%
Tenure	3%
Market adjustment	3%
Internal pay inequities	3%
Hot skills	2%
Merger or acquisition	1%

[Talking Your Way into a Bigger Raise \(shrm.org\)](https://www.shrm.org)

Source: PayScale.

Focus on value; use value and data to raise all boats. *Individual strategy differs.*

Municipal libraries

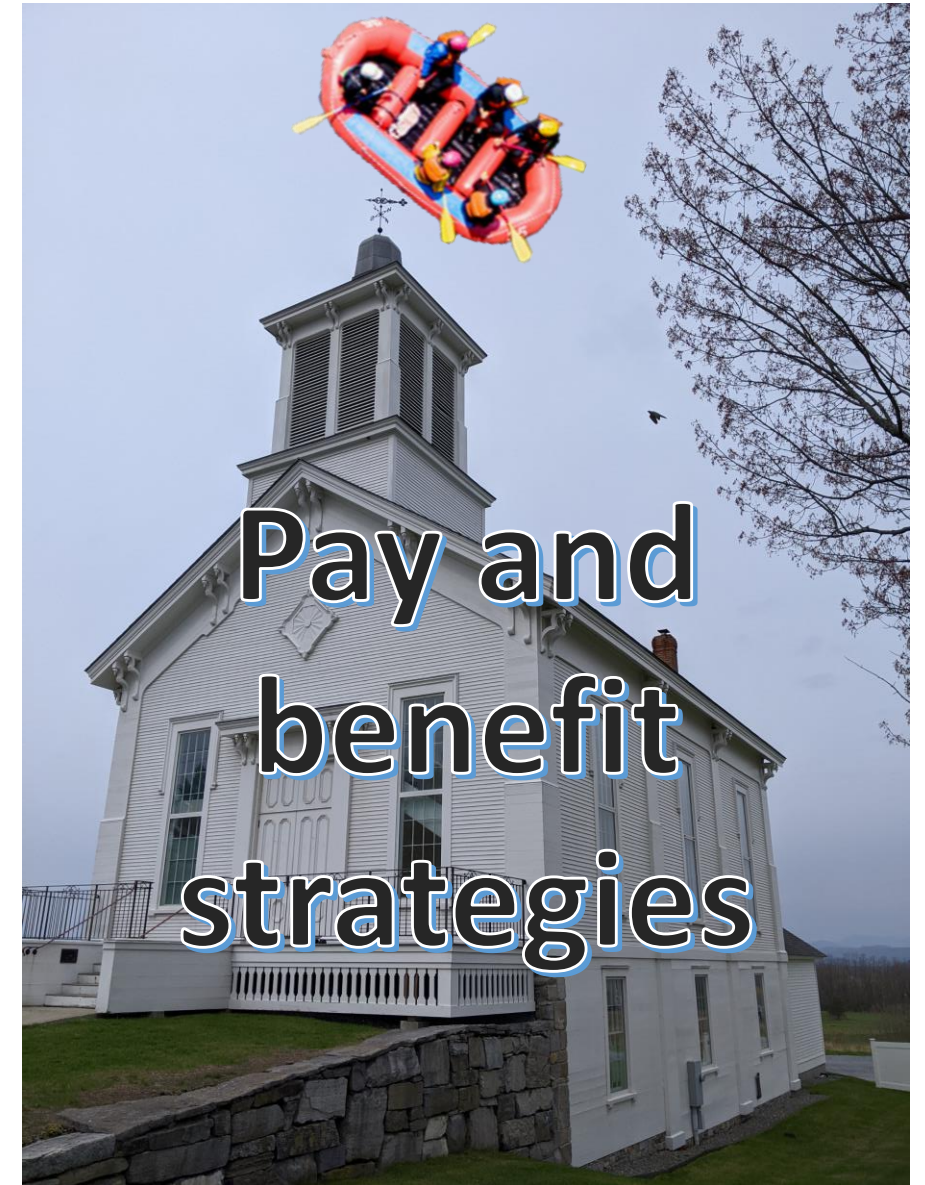
- Pay raises linked to town, mostly

Incorporated libraries

- Barrel with your own bottom
- Discretion of trustees with an eye to municipality

Union shops

- It's all about the contract



1. Time it right; trustee mood, workload, preoccupation
2. Pinpoint a raise you can justify; know market value
3. Ask for a range, not a high number
4. Make it a conversation, not a yes-no question
5. Use collaborative language
6. Quantify achievements
7. Restate commitment to the library
8. Negotiate other incentives if salary is a no-go
9. Set a future date to talk about compensation



[Talking Your Way into a Bigger Raise \(shrm.org\)](http://shrm.org)

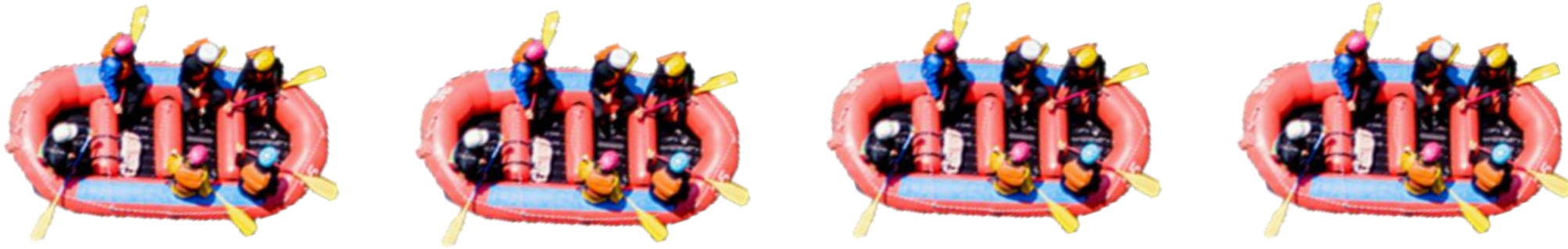
“The largest raises you'll ever get in your career typically come from quitting a job and joining a new employer, though not everyone wants to jump ship.”



[489 Jump Ship Illustrations & Clip Art - iStock \(istockphoto.com\)](https://www.istockphoto.com)

[Salary Negotiation Strategies for HR Professionals \(shrm.org\)](https://www.shrm.org)

Almost the last slide



A compensation improvement story

Jennie Rozycki, Director (she/ her)

John G. McCullough Free Library

North Bennington, VT

The last slide

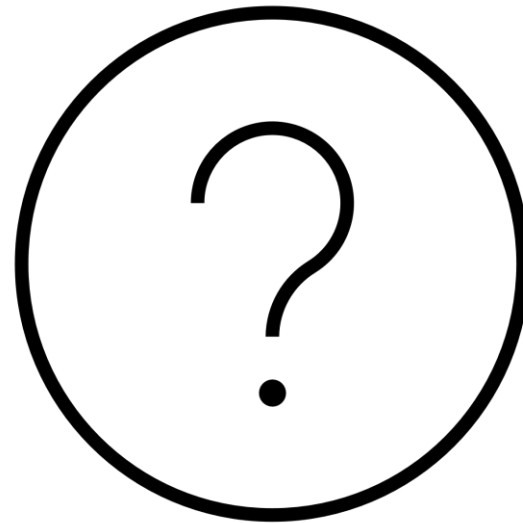
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Discussion



OCT 19 Part 2 *Batten down the hatches;*

budget triage. This session will focus on how/where to “trim your sails” if necessary due to inflation or other reasons. Topics will include clarifying financial responsibilities, understanding reports, discretionary and nondiscretionary costs, and the budget cycle. There will short reviews on best practices and then hands-on work in **breakout groups** to discuss how to trim a **sample budget.**

OCT 26 Part 3 *Setting Your Sails To Future Budgets.*

This session will focus on revenue and key steps to creating a successful budget. Topics will include working with Friends groups, endowments, how to turn unused items into cash, and fundraising. Attendees will be invited to **share successes and creative ideas** they have implemented in generating revenue. There will also be information on budget building basics: a budget calendar, connecting budget to the library’s mission, prioritizing expenses, and other practical considerations.