

Total Montana State Library Funding by Source of Authority 2017 Biennium Budget - Montana State Library					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	6,050,638	0	791,532	6,842,170	51.43 %
State Special Total	3,488,666	0	0	3,488,666	26.22 %
Federal Special Total	2,289,271	0	0	2,289,271	17.21 %
Proprietary Total	0	683,071	0	683,071	5.13 %
Other Total	0	0	0	0	0.00 %
Total All Funds	\$11,828,575	\$683,071	\$791,532	\$13,303,178	
Percent - Total All Sources	88.92 %	5.13 %	5.95 %		

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

Budget Summary by Category								
-----General Fund-----					-----Total Funds-----			
Budget Item	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	2,953,619	2,953,619	5,907,238	97.63 %	5,319,728	5,319,728	10,639,456	89.95 %
PL Adjustments	93,693	78,253	171,946	2.84 %	1,235,113	164,696	1,399,809	11.83 %
New Proposals	(14,165)	(14,381)	(28,546)	(0.47)%	(103,719)	(106,971)	(210,690)	(1.78)%
Total Budget	\$3,033,147	\$3,017,491	\$6,050,638		\$6,451,122	\$5,377,453	\$11,828,575	

Executive Budget Comparison

The following table compares the legislative budget for the 2017 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2014	Executive Budget Fiscal 2016	Legislative Budget Fiscal 2016	Leg — Exec. Difference Fiscal 2016	Executive Budget Fiscal 2017	Legislative Budget Fiscal 2017	Leg — Exec. Difference Fiscal 2017	Biennium Difference Fiscal 16-17
FTE	30.75	30.46	30.46	0.00	30.46	30.46	0.00	0.00
Personal Services	2,637,335	2,207,069	2,177,129	(29,940)	2,212,462	2,182,522	(29,940)	(59,880)
Operating Expenses	2,410,555	2,419,229	2,223,101	(196,128)	2,390,880	2,199,024	(191,856)	(387,984)
Equipment & Intangible Assets	11,405	11,465	13,666	2,201	11,496	13,697	2,201	4,402
Grants	549,805	1,862,180	2,037,226	175,046	807,136	982,210	175,074	350,120
Total Costs	\$5,609,100	\$6,499,943	\$6,451,122	(\$48,821)	\$5,421,974	\$5,377,453	(\$44,521)	(\$93,342)
General Fund	2,882,260	3,072,734	3,033,147	(39,587)	3,056,934	3,017,491	(39,443)	(79,030)
State/other Special Rev. Funds	1,738,260	1,748,484	1,745,838	(2,646)	1,741,315	1,742,828	1,513	(1,133)
Federal Spec. Rev. Funds	988,580	1,678,725	1,672,137	(6,588)	623,725	617,134	(6,591)	(13,179)
Total Funds	\$5,609,100	\$6,499,943	\$6,451,122	(\$48,821)	\$5,421,974	\$5,377,453	(\$44,521)	(\$93,342)

The legislatively approved budget is (\$93,342) less over the biennium than the executive budget proposal. This includes legislative adjustments to rates provided by the Department of Administration for fixed costs, inflation, and deflation. The legislature applied a 2% vacancy savings to the agency.

Present Law Adjustments

The "Present Law Adjustments" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

Present Law Adjustments										
-----Fiscal 2016-----						-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 100 - Other PS	0.00	3,497	0	0	3,497	0.00	9,106	0	0	9,106
DP 101 - Operating Costs	0.00	5,555	0	0	5,555	0.00	5,555	0	0	5,555
DP 102 - LSTA Grants (biennial)	0.00	0	0	1,100,000	1,100,000	0.00	0	0	44,956	44,956
DP 103 - Montana Land Information Grants	0.00	0	33,104	0	33,104	0.00	0	33,132	0	33,132
DP 510 - Legislative Audit - HB 2 2014 Fixed Costs (Restricted/Biennia	0.00	20,960	0	0	20,960	0.00	0	0	0	0
DP 515 - State Share Health Insurance	0.00	10,241	1,215	2,862	14,318	0.00	10,241	1,215	2,862	14,318
DP 525 - Fixed Costs	0.00	70,298	(217)	5,854	75,935	0.00	70,437	(218)	5,866	76,085
DP 526 - 2017 Biennium Legislative Audit (Restricted/Biennial)	0.00	586	0	0	586	0.00	0	0	0	0
DP 527 - Inflation and Deflation	0.00	(21,574)	67	(1,797)	(23,304)	0.00	(21,306)	66	(1,774)	(23,014)
DP 531 - SITSD Rate Adjustment	0.00	5,816	(18)	485	6,283	0.00	5,890	(18)	491	6,363
DP 532 - General Liability Insurance Rate Adjustment	0.00	(756)	2	(63)	(817)	0.00	(727)	2	(61)	(786)
DP 550 - Motor Pool Rate Adjustments	0.00	(930)	3	(77)	(1,004)	0.00	(943)	3	(79)	(1,019)
DP 100444 - Statewide 4% FTE Reduction-Program 01	(1.29)	0	0	0	0	(1.29)	0	0	0	0
Grand Total All Present Law Adjustments	(1.29)	\$93,693	\$34,156	\$1,107,264	\$1,235,113	(1.29)	\$78,253	\$34,182	\$52,261	\$164,696

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 100 - Other PS -

The legislature adopted personal service adjustments outside of state share health insurance increases, vacancy savings, and the executive implementation of the 2015 pay increase.

DP 101 - Operating Costs -

The legislature approved \$5,555 general fund each year of the 2017 biennium for increased costs of legal fees through the Department of Justice.

DP 102 - LSTA Grants (biennial) -

The legislature appropriated federal Library Services and Technology Act (LSTA) funds to \$1,100,000 million in the first year of the 2017 biennium and \$44,956 in the second year. LSTA funding is received each year for a two-year award cycle and projects are approved by the Library Commission based on a five year plan.

DP 103 - Montana Land Information Grants -

The legislature appropriated funds for the Montana Land Information Act (MLIA) program for \$33,104 in FY 2016 and \$33,132 in FY 2017 of additional state special revenue authority. MLIA funds are generated through the collection of county

recording fees used to fund operations and a granting process to implement the annual Montana Land Plan which is recommended by the Montana Land Information Advisory Council and approved by the Library Commission.

DP 510 - Legislative Audit - HB 2 2014 Fixed Costs (Restricted/Biennia -

The legislature provided a restricted biennial appropriation for the legislative audit costs. The funding is established at the level of the 2015 biennial appropriation contained in HB 2 as enacted by the 2013 Legislature.

DP 515 - State Share Health Insurance -

The legislature provided appropriation authority for the state share of health insurance, as adopted by the 2013 Legislature.

DP 525 - Fixed Costs -

The legislature adopted proprietary rates for fixed costs charged to state agencies for services such as information technology or rent and grounds maintenance within the capitol complex. Rates for messenger services, legislative audit, grounds maintenance, records management, agency legal costs, and the statewide cost allocation plan were adopted as proposed by the executive. The legislature lowered proprietary rates for warrant writer, payroll services, SABHRS, SITSD fees, and rent. The legislature increased insurance premiums to provide for increased costs of claims and to establish a reserve for the insurance fund.

DP 526 - 2017 Biennium Legislative Audit (Restricted/Biennial) -

The legislature adjusted legislative audit costs and funding based on the current estimate of the Legislative Auditor.

DP 527 - Inflation and Deflation -

The legislature adopted inflation/deflation factors for budgeted expenditures such as food or electricity. The legislature concurred with the executive on the factors with the exception of gasoline, aviation gasoline, diesel fuel, and jet fuel. For these factors the legislature further deflated costs to align the budget with more current information on declining prices of oil and gas projected to continue into the 2017 biennium.

DP 531 - SITSD Rate Adjustment -

The legislature approved an increase for fixed cost rates included in state agency budgets for information technology services provided by the State Information Technology Services Division (SITSD).

DP 532 - General Liability Insurance Rate Adjustment -

The legislature reduced the rate assessed to state agencies for general liability insurance provided by the Risk Management and Tort Defense Division.

DP 550 - Motor Pool Rate Adjustments -

The legislature adopted a reduction to the motor pool rates.

DP 100444 - Statewide 4% FTE Reduction-Program 01 -

The 2015 biennium budget included a 4% vacancy savings reduction. Language included in the boilerplate of HB 2 passed by the 2013 Legislature, indicated legislative intent that the 4% vacancy savings be made permanent as an FTE reduction for the 2017 biennium. Change package 100444 includes a reduction of 1.29 FTE each year.

New Proposals

The "New Proposals" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

New Proposals	Fiscal 2016					Fiscal 2017				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 100002 - Water Information System Manager	1.00	88,665	0	0	88,665	1.00	88,449	0	0	88,449
DP 100010 - Statutory-HB 203 Library State Aid	0.00	(102,830)	0	0	(102,830)	0.00	(102,830)	0	0	(102,830)
DP 100011 - Coal Severance Tax Shared Reduction	0.00	0	(89,554)	0	(89,554)	0.00	0	(92,590)	0	(92,590)
Total	1.00	(\$14,165)	(\$89,554)	\$0	(\$103,719)	1.00	(\$14,381)	(\$92,590)	\$0	(\$106,971)

**Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 100002 - Water Information System Manager -

The legislatively approved budget adds general fund for the state library for a new position in the NRIS program previously authorized as one-time-only by the 2013 Legislature to operate the Montana Water Information System provided for in 90-15-305, MCA.

DP 100010 - Statutory-HB 203 Library State Aid -

The legislatively approved budget decreases general fund due to the 2015 Legislature establishing statutory authority in HB 203 for State aid – per capita – per square mile for public libraries.

DP 100011 - Coal Severance Tax Shared Reduction -

The legislatively approved budget includes a decrease in state special revenue of \$182,144 in the 2017 biennium to align expenditures with the adopted revenue projections in HJ 2 for the Coal Severance Tax Shared fund.

Other Issues

Proprietary Program Description

The Montana Shared Catalog (MSC) is a cooperative project involving more than 167 libraries. Public, school, academic, medical, and other special libraries have pooled resources to purchase a library automation system. Members enjoy the benefits of shared expertise and the ability to provide services to library customers. The Montana State Library became the fiscal agent for the MSC in FY 2008.

The Montana Shared Catalog is funded with enterprise type proprietary funds. Because the proprietary funds do not require an appropriation, they are not typically included in appropriation tables. The source of the funding is the member fees paid by the libraries to belong to the MSC. State support is not appropriated to the proprietary fund.

Proprietary Revenue and Expenses

The Shared Catalog members pay membership dues that are used to pay operating expenses. There are approximately 167 member libraries that pay membership fees each year. Expenditures include payment of required fees for software licensing, user interface, and indexing to make the system run; payment for required yearly catalog and director station maintenance; a travel budget that includes meetings twice a year to make decisions on direction of the shared catalog and conference attendance; training to new library members as well as ongoing training to current members; and equipment replacement.

Proprietary Rate Explanation

In accord with the written agreement each participating Montana Shared Catalog library signs upon joining this library consortium, annual fees assessed each library are established on the basis of a membership-approved cost formula. The goal of the cost formula is to distribute MSC annual operational costs as fairly and evenly as possible based on the following:

- The individual library's titles count
- Patron count
- Circulation Count
- Equal share contribution

Libraries that fall below a set threshold in their title counts and patron counts receive a fixed discount in accord with criteria set forth in the cost formula.