

Agency Budget Comparison

The following table summarizes the total proposed budget by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	30.75	30.75	30.46	30.46	30.75	30.46	(0.29)	(0.94)%
Personal Services	2,637,335	2,455,754	2,177,129	2,182,522	5,093,089	4,359,651	(733,438)	(14.40)%
Operating Expenses	2,410,555	2,208,024	2,227,262	2,199,024	4,618,579	4,426,286	(192,293)	(4.16)%
Equipment & Intangible Assets	11,405	29,103	13,666	13,697	40,508	27,363	(13,145)	(32.45)%
Grants	549,805	992,145	2,037,226	982,210	1,541,950	3,019,436	1,477,486	95.82%
Total Costs	\$5,609,100	\$5,685,026	\$6,455,283	\$5,377,453	\$11,294,126	\$11,832,736	\$538,610	4.77%
General Fund	2,882,260	3,318,917	3,033,147	3,017,491	6,201,177	6,050,638	(150,539)	(2.43)%
State/Other Special Rev. Funds	1,738,260	1,801,236	1,749,999	1,742,828	3,539,496	3,492,827	(46,669)	(1.32)%
Federal Spec. Rev. Funds	988,580	564,873	1,672,137	617,134	1,553,453	2,289,271	735,818	47.37%
Total Funds	\$5,609,100	\$5,685,026	\$6,455,283	\$5,377,453	\$11,294,126	\$11,832,736	\$538,610	4.77%

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Legislative Budget Analysis, E-127

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	2,227,262	(191,967)	2,390,880	2,199,024	(191,856)	(383,823)
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	\$6,455,283	(\$44,660)	\$5,421,974	\$5,377,453	(\$44,521)	(\$89,181)
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	1,749,999	1,515	1,741,315	1,742,828	1,513	3,028
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	\$6,455,283	(\$44,660)	\$5,421,974	\$5,377,453	(\$44,521)	(\$89,181)

The legislatively approved budget includes a decrease from the executive's initial budget request due to adjustments for fixed costs, inflation, and deflation by general government.

Agency Highlights

**Montana Library Commission
Major Budget Highlights**

- The legislatively approved budget includes the following significant present law adjustments:
 - LSTA grants of just over \$1 million
 - Montana Land Information grants of just over \$60,000
- The Legislature approved 1.0 FTE for a Water Information Systems Manager position

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Legislative Budget Analysis, E-129

Funding

The Montana State Library is funded through a combination of general fund, state special revenue, and federal special revenue.

General fund supports:

- The statewide interlibrary resource-sharing program
- State aid to libraries throughout Montana
- Natural Resource Information System (NRIS)
- General agency operations

State special revenue includes:

- A portion of the coal severance tax shared account, partially funding general operations, the periodic database, and the library federation grants to assist local libraries in providing basic services
- Assessments from certain state agencies that use the NRIS
- Revenue from the Montana Land Information account that receives a portion of document recording fees assessed at the local level

Federal funds come primarily from Library Services and Technology Act (LSTA) grants administered through the federal Institute of Museum and Library Services. These federal funds:

- Are formula grants from the federal agency rather than competitive grants
- Require a 2:1 federal: state match and a 5 year plan
- Are used for collection content and access, training and outreach to local libraries, and services to patrons with disabilities

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	89.92 %
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)%	(99,558)	(106,971)	(206,529)	(1.75)%
Total Budget	\$3,033,147	\$3,017,491	\$6,050,638		\$6,455,283	\$5,377,453	\$11,832,736	

Present Law Adjustments -

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

	-----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 recordation 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 2015 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 changes from the legislative appropriation for FY 15 to the proposed budget.

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	(85,393)	0	(85,393)	0.00	0	(92,590)	0	(92,590)
Total	1.00	(\$14,165)	(\$85,393)	\$0	(\$99,558)	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 \$184,306 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.

2017 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Agency Name	Program Name
06021	MT Shared Catalog	51150	State Library Commission	MT State Library

	Actual FY12	Actual FY13	Actual FY14	Budgeted FY15	Budgeted FY16	Budgeted FY17
Operating Revenues:						
Other Operating Revenues	221,817	235,343	248,663	315,632	340,935	342,120
Total Operating Revenue	221,817	235,343	248,663	315,632	340,935	342,120
Operating Expenses:						
Personal Services	81,200	83,815	85,178	139,359	148,560	149,729
Other Operating Expenses	155,211	184,438	192,381	202,491	192,375	192,391
Equipment Expenses	-	-	-	-	-	-
Total Operating Expenses	236,411	268,253	277,559	341,850	340,935	342,120
Operating Income (Loss)	(14,594)	(32,910)	(28,896)	(26,218)	-	-
Total Net Assets- July 1 - As Restated	188,648	157,016	109,748	82,530	56,312	56,311
Prior Period Adjustments				-	-	-
Cumulative effect of account change	-	-	1,678	-	-	-
Total Net Assets - July 1 - As Restated	188,648	157,016	111,426	82,530	56,312	56,311
Net Assets- June 30	174,054	124,106	82,530	56,312	56,312	56,311
60 days of expenses (Total Operating Expenses divided by 6)	39,402	44,709	46,260	56,975	56,823	57,020

**Requested Rates for Enterprise Funds
Fee/Rate Information**

In accord with the written agreement each participating Montana Shared Catalog (MSC) 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 (formula weighting=30%), patron count (formula weighting=30%), circulation count (formula weighting=10%), and an equal share contribution (formula weighting=30%). Libraries which 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.

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.