

Agency Budget Comparison

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	28.25	28.25	31.75	31.75	28.25	31.75	3.50	12.39%
Personal Services	2,002,399	1,721,659	1,985,662	1,983,411	3,724,058	3,969,073	245,015	6.58%
Operating Expenses	2,122,110	1,997,276	2,256,956	2,206,851	4,119,386	4,463,807	344,421	8.36%
Equipment & Intangible Assets	28,235	7,935	28,718	29,103	36,170	57,821	21,651	59.86%
Grants	295,837	719,123	2,107,345	1,006,952	1,014,960	3,114,297	2,099,337	206.84%
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	\$4,448,581	\$4,445,993	\$6,378,681	\$5,226,317	\$8,894,574	\$11,604,998	\$2,710,424	30.47%
General Fund	2,544,909	2,643,606	2,943,455	2,891,794	5,188,515	5,835,249	646,734	12.46%
State Special	763,324	763,323	1,800,386	1,799,683	1,526,647	3,600,069	2,073,422	135.82%
Federal Special	1,140,348	1,021,878	1,634,840	534,840	2,162,226	2,169,680	7,454	0.34%
Other	0	17,186	0	0	17,186	0	(17,186)	(100.00%)
Total Funds	\$4,448,581	\$4,445,993	\$6,378,681	\$5,226,317	\$8,894,574	\$11,604,998	\$2,710,424	30.47%

Mission Statement

The Montana State Library is committed to strengthening libraries and information services for all Montanans through leadership, advocacy, and service. There is additional, more detailed information about the department in the agency profile. For additional information, please refer to the agency profile.

Agency Highlights

Montana Library Commission	
Major Budget Highlights	
◆	The major factors contributing to the proposed funding increase are: <ul style="list-style-type: none"> • The Governor’s proposal to transfer the Base Map Service Center to the State Library from the Department of Administration, adding 2.50 FTE and \$1.9 million state special revenue and reducing the Department of Administration budget by a similar amount • The Governor’s proposal to add 1.0 FTE for a water information system manager • Fixed cost increases

Agency Discussion

Agency Personal Services

The executive proposal would increase the agency personal services budget \$245,000 in the 2015 biennium when compared to the 2013 biennium. This increase is attributable to three primary factors, including:

- Two new budget proposals adding 3.50 FTE, including 2.50 FTE proposed for transfer from the Department of Administration - \$559,000 increase
- Not continuing base year personal services costs relating to temporary positions associated with federal project grant funds – \$387,000 decrease
- Fully funding all authorized HB 2 positions and applying a 4% vacancy savings rate. The agency experienced an approximate 10% vacancy savings rate in FY 2012 - \$100,000 increase

The agency had a number of vacancies in FY 2012, including the retirement of the former state librarian and the appointment of the new state librarian from within the agency. Other vacancies were due to turnover of professional librarian positions moving to higher paid positions out of state and difficulty in recruiting and retaining web programmer positions.

Approximately one-half of this agency's FTE is eligible for full or early retirement in the 2015 biennium. The agency expects one retirement at an approximate cost of \$3,000. The agency did not request funds for this purpose.

5% Plans

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%. A summary of the entire 2015 biennium 5% plan submitted for this agency is in the appendix.

IT Systems

State agencies have identified information technology (IT) systems that are critical to the state as a whole or to the agency. Further, state agencies have assessed the age of the systems to establish whether the system is:

- New
- Emerging
- Mature
- Declining
- Obsolete

The Legislative Finance Committee recommended that House Appropriations and Senate Finance and Claims Committee leadership direct the Long Range Planning Subcommittee to meet jointly with each of the appropriate joint appropriations subcommittees to discuss priorities related to critical IT systems, and that state agencies be prepared to discuss:

- Current plans to address obsolescence
- Costs to replace the system
- Costs of maintaining the current system
- Risks associated with both retaining the current system and replacing the system

LFD staff will be prepared to discuss issues related to those systems that have been determined to be either critical to the state as a whole or to the agency and either declining or obsolete. Issues include security, continuity of operations, and funding.

Agency Goals and Objectives

Goals and objectives for the agency can be found in the appendix.

Funding

The following table shows agency funding by source of authority, as proposed by the executive. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Montana State Library Funding by Source of Authority 2015 Biennium Budget - Statewide Library Resources							
Funds	HB 2	Non- Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$5,835,249	\$0	\$0	\$5,835,249	48.2%		
State Special Total	\$3,600,069	\$0	\$0	\$3,600,069	29.7%		
02026 Nris State Special	\$567,046	\$0	\$0	\$567,046	4.7%		
02340 Coal Sev. Tax Shared Ssr	\$1,125,602	\$0	\$0	\$1,125,602	9.3%		
02779 Montana Land Information	\$1,907,421	\$0	\$0	\$1,907,421	15.8%		
Federal Special Total	\$2,169,680	\$0	\$0	\$2,169,680	17.9%		
03018 Library Commission	\$2,229,680	\$0	\$0	\$2,229,680	18.4%		
03930 Nris Federal Funds	(\$60,000)	\$0	\$0	(\$60,000)	-0.5%		
Proprietary Total	\$0	\$497,678	\$0	\$497,678	4.1%		
06021 Mt Shared Catalog	\$0	\$497,678	\$0	\$497,678	4.1%		
Total All Funds	\$11,604,998	\$497,678	\$0	\$12,102,676	100.0%		
Percent - Total All Sources	95.9%	4.1%	0.0%				

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 tax shared account
- 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 (see New Proposal DP 201)

**LFD
COMMENT**

The coal tax shared revenue fund is statutorily designated for libraries, conservation districts, and the Growth Through Agriculture program. The Growth Through Agriculture program funds grants and operations of the Agriculture Development Council, which is administratively attached to the Department of Agriculture. The figure below summarizes the condition of the fund. The figure assumes:

- The Governor's proposed HB 2 budget for the 2015 biennium
- The Legislative Fiscal Division (LFD) revenue estimates for the 2015 biennium
- Any annual ending fund balance is transferred to the general fund in accordance with MCA 15-35-108(3) beginning in FY 2013
- Additional costs from a pay plan bill, if any, are excluded

Coal Tax Shared Account State Special Revenue 2015 Biennium Governor's Proposed Budget				
	FY 2012	FY 2013	FY 2014	FY 2015
Beginning Balance	\$1,772,339	\$1,548,604	\$0	\$0
<u>Expenditures</u>				
Montana State Library	\$509,800	\$509,800	\$562,801	\$562,801
Natural Resources & Conservation	2,207,390	2,204,821	2,209,998	2,209,765
Agriculture	<u>386,322</u>	<u>374,901</u>	<u>434,565</u>	<u>435,014</u>
Total Expenditures	\$3,103,512	\$3,089,522	\$3,207,364	\$3,207,580
Revenues	<u>\$2,879,777</u>	<u>\$2,995,000</u>	<u>\$3,161,000</u>	<u>\$3,292,000</u>
Ending Fund Balance*	<u>\$1,548,604</u>	<u>\$1,454,082</u>	<u>(\$46,364)</u>	<u>\$84,420</u>

*Assumes the ending fund balance will be transferred to the general fund annually, beginning at the end of FY 2013.

Proposed Expenditures

The executive is requesting \$6.4 million in spending authority from this fund in the FY 2015 biennium, allocated as shown on the above table, an increase of \$221,910, or 3.6% from the 2013 biennium. This request includes \$129,115 in present law adjustments and new proposals for each year of the biennium.

Projected Revenue

The LFD revenue projection totals \$6.45 million for the biennium, a 3.9% increase from the 2013 biennium.

As noted above, the table uses the LFD revenue estimates to evaluate the condition of the fund. As shown on the table, the fund would have a negative balance at the end of FY 2014. Therefore, the legislature may wish to reduce FY 2014 appropriations to the anticipated revenue. The fund balance at the end of FY 2015 would be \$84,420. At that time, the balance would be transferred to the general fund.

State Library

The proposed expenditures from this account for the State Library include \$509,801 annually in ongoing base expenditures and \$53,000 annually for present law adjustments and a new proposal (NP 204).

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:

- Will not be impacted by federal sequestration
- 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

Montana Library Commission Library Services and Technology Act Funding 2015 Biennium Present Law Adjustments						
Budget Level	FY 2012 Base Actual	FY 2013 Approp	FY 2014 PL Adjustment	FY 2014 Total Budget	FY 2015 PL Adjustment	FY 2015 Total Budget
State Library Operations	\$324,192	\$378,026	\$40,648	\$364,840	\$40,648	\$364,840
LSTA Grants/Projects	<u>786,156</u>	<u>613,853</u>	<u>513,844</u>	<u>1,300,000</u>	<u>-586,156</u>	<u>200,000</u>
Total Costs	<u>\$1,110,348</u>	<u>\$991,879</u>	<u>\$554,492</u>	<u>\$1,664,840</u>	<u>-\$545,508</u>	<u>\$564,840</u>

This agency includes proprietary funding that does not require an appropriation. This funding is discussed in more detail in the Proprietary Rates section later in this narrative.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals. For a description of the above categories, please see the glossary section of the budget analysis.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	2,544,909	2,544,909	5,089,818	87.23%	4,448,581	4,448,581	8,897,162	76.67%
Statewide PL Adjustments	297,408	270,857	568,265	9.74%	(79,425)	(105,952)	(185,377)	(1.60%)
Other PL Adjustments	4,432	4,432	8,864	0.15%	918,757	(181,267)	737,490	6.35%
New Proposals	96,706	71,596	168,302	2.88%	1,090,768	1,064,955	2,155,723	18.58%
Total Budget	\$2,943,455	\$2,891,794	\$5,835,249		\$6,378,681	\$5,226,317	\$11,604,998	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the adjusted base budget proposed by the executive. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2014-----				-----Fiscal 2015-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					(226,835)					(228,744)
Vacancy Savings					(70,941)					(70,863)
Inflation/Deflation					(297)					557
Fixed Costs					218,648					193,098
Total Statewide Present Law Adjustments		\$297,408	\$0	(\$376,833)	(\$79,425)		\$270,857	\$0	(\$376,809)	(\$105,952)
DP 101 - LSTA Grants (Bien)	0.00	0	0	901,325	901,325	0.00	0	0	(198,699)	(198,699)
DP 102 - Inflationary Increase for Statewide Database	0.00	0	13,000	0	13,000	0.00	0	13,000	0	13,000
DP 103 - Standard Cost Adjustments	0.00	4,432	0	0	4,432	0.00	4,432	0	0	4,432
DP 104 - NRIS Core Funding Switch	0.00	0	30,000	(30,000)	0	0.00	0	30,000	(30,000)	0
Total Other Present Law Adjustments	0.00	\$4,432	\$43,000	\$871,325	\$918,757	0.00	\$4,432	\$43,000	(\$228,699)	(\$181,267)
Grand Total All Present Law Adjustments	0.00	\$301,840	\$43,000	\$494,492	\$839,332	0.00	\$275,289	\$43,000	(\$605,508)	(\$287,219)

Statewide Present Law Adjustments

- o The negative personal services adjustment is attributable largely to the elimination of base year personal services costs for temporary positions relating to the federal project grants.
- o Fixed costs increases are primarily cost increases from the Information Services Technology Division of the Department of Administration and increased rent from the Department of Administration

DP 101 – LSTA Grants – The executive budget would increase the federal authority to spend estimated Library Services and Technology Act (LSTA) grant awards and realign the biennial appropriation of the awards into the first year of the biennium, resulting in a smaller adjustment in FY 2015.

DP 102 – Inflationary Increase for Statewide Database - The executive budget would increase the funding from the coal tax shared account to the Montana State Library for increased inflationary costs associated with providing statewide access to periodical databases via contracted services.

DP 103 – Standard Cost Adjustments – This decision package reestablishes zero-based insurance costs for talking book library volunteers insurance at \$500 each year of the 2015 biennium. In addition, the executive budget includes a per diem budget totaling \$3,550 annually for the five commission members and a legal services budget totaling \$8,022 annually for the State Library. All adjustments in this decision package requested in the executive budget would be funded from state general fund.

DP 104 – NRIS Core Funding Switch - The executive budget would reclassify funding from another state agency for the NRIS program from federal funds to state special revenue funds.

New Proposals

New Proposals	Fiscal 2014					Fiscal 2015					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 201 - Base Map Service Center transfer to MSL (Requires Legislation)											
01	2.50	0	954,062	0	954,062	2.50	0	953,359	0	953,359	
DP 202 - Water Information System Manager (OTO)											
01	1.00	72,472	0	0	72,472	1.00	72,362	0	0	72,362	
DP 203 - Talking Book Library Digital Transition (OTO)											
01	0.00	25,000	0	0	25,000	0.00	0	0	0	0	
DP 204 - Online Information Resources											
01	0.00	0	40,000	0	40,000	0.00	0	40,000	0	40,000	
DP 6101 - Professional Development Center Fee Allocation											
01	0.00	(766)	0	0	(766)	0.00	(766)	0	0	(766)	
Total	3.50	\$96,706	\$994,062	\$0	\$1,090,768	3.50	\$71,596	\$993,359	\$0	\$1,064,955	

DP 201 - Base Map Service Center transfer to MSL – The executive budget proposes to transfer the Base Map Service Center from the Department of Administration to the State Library, contingent upon passage of passage of LC 212, a proposed bill that would transfer this function. This transfer would include the transfer of 2.50 FTE and funding authority for Montana Land Information Act coordination, Montana Spatial Data Infrastructure support as approved by the MLIA Council, and MLIA grant funds to local and tribal governments.

LFD COMMENT	The executive branch moved this function to the State Library at the beginning of FY 2012, including the FTE and the state special revenue funds from the Montana Land Information Account.
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DP 202 - Water Information System Manager-OTO – The executive budget would add general fund for the state library to add a new position to the NRIS program to operate the Montana Water Information System provided for in 90-15-305, MCA. The executive budget includes this new proposal as a one-time-only addition to the budget.

DP 203 - Talking Book Library Digital Transition-OTO – The executive budget proposes one-time-only funding to support the Montana Talking Book Library’s transition from analog cassettes to digital files.

DP 204 - Reinstate Online Information Resources – The executive budget proposes to increase the coal tax shared account funding allocation to the State Library for increased funding for online databases.

LFD COMMENT	The 2011 Legislature reduced funding from this account as part of the 5% reduction plan proposed by the Governor for the 2013 biennium.
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DP 6101 - Professional Development Center Training Fee Alloc - The executive requests an increase for training services purchased from the Professional Development Center (PDC) of the Department of Administration. This request reflects the difference between the amount paid in the base for PDC services and a fixed cost allocation based on agency FTE counts. Starting in the 2015 biennium and beyond, the executive recommends funding the PDC as a fixed cost item. For a further discussion, see the narrative for the Department of Administration.

Proprietary Rates

Enterprise Fund 06021 – MT Shared Catalog

Proprietary Program Description

The Montana Shared Catalog is a cooperative project involving 160+ libraries. Public libraries, school libraries,

academic libraries, medical libraries, and other special libraries have pooled resources to purchase a robust library automation system. Members enjoy the benefits of shared expertise and the ability to provide great service to library customers. The Montana State Library became the fiscal agent for the Shared Catalog in FY 2008.

This program is funded with an enterprise type proprietary fund. As such, the legislature does not appropriate funds or approve rates for the program. Instead, the legislature reviews the report for the enterprise fund and identifies any concerns with the financial position of the fund. The report for the enterprise fund is available in the appendix.

Proprietary Revenues and Expenses

The Shared Catalog members pay membership dues that are used to pay operating expenses. There are approximately 160 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 (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.