

Agency Proposed Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005	Total Exec. Budget Fiscal 04-05
FTE	30.50	0.00	(2.00)	28.50	0.00	(2.00)	28.50	28.50
Personal Services	1,357,627	(61,895)	(53,162)	1,242,570	(63,304)	(53,070)	1,241,253	2,483,823
Operating Expenses	1,023,664	(68,952)	281,500	1,236,212	(72,692)	281,500	1,232,472	2,468,684
Equipment	157,511	0	(75,928)	81,583	0	(75,928)	81,583	163,166
Grants	838,282	742,073	(224,582)	1,355,773	40,935	(228,355)	650,862	2,006,635
Transfers	0	0	500,000	500,000	0	0	0	500,000
Total Costs	\$3,377,084	\$611,226	\$427,828	\$4,416,138	(\$95,061)	(\$75,853)	\$3,206,170	\$7,622,308
General Fund	1,774,096	286,504	(164,971)	1,895,629	30,559	(164,879)	1,639,776	3,535,405
State/Other Special	666,421	30,595	117,799	814,815	30,253	89,026	785,700	1,600,515
Federal Special	936,567	294,127	475,000	1,705,694	(155,873)	0	780,694	2,486,388
Total Funds	\$3,377,084	\$611,226	\$427,828	\$4,416,138	(\$95,061)	(\$75,853)	\$3,206,170	\$7,622,308

Agency Description

The Library Commission authorized in Section 22-1-101, MCA, provides assistance and advice to all tax-supported libraries and local governments wishing to establish or improve libraries. The Library Commission administers state and federal library funding, operates and maintains the State Library and Natural Resources Information System, oversees the six library federations, and develops library oriented statewide long-range planning, policy, and service coordination.

Reorganization

The Library Commission approved a merger of the Library and Information Services Department (LISD) and the Natural Resources Information System (NRIS). LISD provides a single point of access to all state agency publications, among other things; NRIS disseminates information on Montana's land, water, and biological resources and is the primary source in Montana for geo-spatial information. These two functions will be combined through the proposed reorganization and most library resources will be provided in digital format, maintained through an integrated system, and supported by professional librarians and information specialists. A small collection of hard copy books will be maintained at the Library, while additional hard copies can be borrowed from other libraries through the interlibrary loan program. The Library has convened a committee that is in the early visioning and goal setting stage and will identify where reductions will be taken. Therefore, it is too early to determine the overall impact the reorganization will have on users. Cost savings of about \$132,400 each year is a result of eliminating materials not needed under the new digital library role and reducing the number of staff required to support the library's former paper-based collection by 2.00 FTE.

Executive Recommended Legislation

Revise the distribution of coal severance tax proceeds - The executive is proposing to change the distribution of coal severance tax interest earnings to the coal severance tax shared state special revenue account from 7.75 percent to 4.18 percent. Refer to Volume 4, Section C-Natural Resources and Commerce under the Department of Commerce for further information. Impacts to the Library Commission as a result of this proposal are included as a new proposal.

Agency Discussion

State Library Commission Major Budget Highlights
<ul style="list-style-type: none"> ○ Total funding increases \$752,772 in the 2005 biennium due to increases in state special and federal revenue ○ Budget balancing reductions are in: <ul style="list-style-type: none"> ○ A reduction in general fund for reimbursements for interlibrary loans ○ Library federation support and materials budget due to a proposed revision in distribution of coal severance tax revenues ○ The executive proposes continuing biennium funding of \$400,000 plus a \$38,000 inflation increase for the periodical database
Major LFD Issue
<ul style="list-style-type: none"> ○ General fund support for the periodical database

Funding

The following table summarizes funding for the agency, by program and source, as recommended by the Governor. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Agency Funding 2005 Biennium Executive Budget					
<u>Agency Program</u>	<u>General Fund</u>	<u>State Spec.</u>	<u>Fed Spec.</u>	<u>Grand Total</u>	<u>Total %</u>
Statewide Library Resources	\$ 3,535,405	\$ 1,600,515	\$ 2,486,388	\$ 7,622,308	100.0%
Natural Resource Info System	-	-	-	-	-
Grand Total	\$ 3,535,405	\$ 1,600,515	\$ 2,486,388	\$ 7,622,308	100.0%

Biennium Budget Comparison								
Budget Item	Present Law Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	Present Law Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005	Total Biennium Fiscal 02-03	Total Exec. Budget Fiscal 04-05
FTE	30.50	(2.00)	28.50	30.50	(2.00)	28.50	30.50	28.50
Personal Services	1,295,732	(53,162)	1,242,570	1,294,323	(53,070)	1,241,253	2,645,871	2,483,823
Operating Expenses	954,712	281,500	1,236,212	950,972	281,500	1,232,472	1,979,120	2,468,684
Equipment	157,511	(75,928)	81,583	157,511	(75,928)	81,583	315,034	163,166
Grants	1,580,355	(224,582)	1,355,773	879,217	(228,355)	650,862	1,929,511	2,006,635
Transfers	0	500,000	500,000	0	0	0	0	500,000
Total Costs	\$3,988,310	\$427,828	\$4,416,138	\$3,282,023	(\$75,853)	\$3,206,170	\$6,869,536	\$7,622,308
General Fund	2,060,600	(164,971)	1,895,629	1,804,655	(164,879)	1,639,776	3,569,077	3,535,405
State/Other Special	697,016	117,799	814,815	696,674	89,026	785,700	1,289,066	1,600,515
Federal Special	1,230,694	475,000	1,705,694	780,694	0	780,694	2,011,393	2,486,388
Total Funds	\$3,988,310	\$427,828	\$4,416,138	\$3,282,023	(\$75,853)	\$3,206,170	\$6,869,536	\$7,622,308

New Proposals

The "New Proposals" table summarizes all new proposals requested by the executive. Descriptions and LFD discussion of each new proposal are included in the individual program narratives.

New Proposals	-----Fiscal 2004-----					-----Fiscal 2005-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Restore OTO for Periodical E-Database											
01	0.00	90,337	128,663		0	219,000	0.00	90,337	128,663	0	219,000
DP 5 - NRIS Reorganization (Prg 7 to Prg 1)											
01	6.00	104,900	687,400		505,000	1,297,300	6.00	104,780	661,717	30,000	796,497
DP 5 - NRIS/LISD Reorganization											
07	(6.00)	(100,387)	(546,913)		(30,000)	(677,300)	(6.00)	(100,267)	(546,230)	(30,000)	(676,497)
DP 7006 - Reduce Reimbursements for Loans											
01	0.00	(127,365)	0		0	(127,365)	0.00	(127,365)	0	0	(127,365)
DP 7007 - NRIS/LISD Reorganization Cost Savings											
01	(2.00)	(132,456)	0		0	(132,456)	(2.00)	(132,364)	0	0	(132,364)
DP 7008 - Coal Tax Shared Account Reduction											
01	0.00	0	(151,351)		0	(151,351)	0.00	0	(155,124)	0	(155,124)
Total	(2.00)	(\$164,971)	\$117,799		\$475,000	\$427,828	(2.00)	(\$164,879)	\$89,026	\$0	(\$75,853)

Language Recommendations

The executive proposes the following language:

"Item 1 includes biennial appropriations of \$251,138 in general fund money and \$850,000 in federal funds for grants to local libraries."

"Item 2b includes \$500,000 for legislative contract authority as a biennial appropriation, subject to the following provisions:

- (1) Legislative contract authority applies only to state special revenue funds received from the Montana university system, federal funds, and private funds.
- (2) Legislative contract authority expenditures must be reported on the state accounting system. The records must be separate from present law operations. In preparing the 2007 biennium budget for legislative consideration, the office of budget and program planning may not include the expenditures from this item in the present law base.
- (3) A report must be submitted by the state library commission to the legislative fiscal division following the end of each fiscal year of the biennium. The report must include a listing of projects with the related amount of expenditures for each project.
- (4) Legislative contract authority may be transferred between state and federal special revenue, depending upon the contract received by the Montana state library."

LFD COMMENT

Similar language was included in HB 2 by the 2001 legislature.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005	Total Exec. Budget Fiscal 04-05
FTE	24.50	0.00	4.00	28.50	0.00	4.00	28.50	28.50
Personal Services	1,084,425	(122,904)	281,049	1,242,570	(123,445)	280,273	1,241,253	2,483,823
Operating Expenses	704,647	(69,883)	601,448	1,236,212	(73,688)	601,513	1,232,472	2,468,684
Equipment	134,370	0	(52,787)	81,583	0	(52,787)	81,583	163,166
Grants	838,282	742,073	(224,582)	1,355,773	40,935	(228,355)	650,862	2,006,635
Transfers	0	0	500,000	500,000	0	0	0	500,000
Total Costs	\$2,761,724	\$549,286	\$1,105,128	\$4,416,138	(\$156,198)	\$600,644	\$3,206,170	\$7,622,308
General Fund	1,687,655	272,558	(64,584)	1,895,629	16,733	(64,612)	1,639,776	3,535,405
State/Other Special	167,502	(17,399)	664,712	814,815	(17,058)	635,256	785,700	1,600,515
Federal Special	906,567	294,127	505,000	1,705,694	(155,873)	30,000	780,694	2,486,388
Total Funds	\$2,761,724	\$549,286	\$1,105,128	\$4,416,138	(\$156,198)	\$600,644	\$3,206,170	\$7,622,308

Program Description

The State Library Operations Program provides information, referral, and consultation services to state government and all tax funded libraries in the state; direct library service to blind and physically handicapped Montana residents; and direction to the six library federations. This program also administers the state documents depository system, functions as a partial depository for federal government publications, and coordinates the development of information resources and library information systems throughout the state. The program also manages the budgetary, personnel, and administrative functions of the State Library.

Program Narrative

<p>State Library Operations Major Budget Highlights</p>
<ul style="list-style-type: none"> ○ Reductions to funding for the interlibrary loan reimbursement program and elimination of federation grants impact local libraries ○ Total funding increases are primarily attributed to the transfer of NRIS funding and FTE into this program. However, the reorganization provides an agency-wide general fund savings of \$132,400 each year and reduces agency staff by 2.00 FTE ○ Other increases include continuing funding for the periodical database and library commission per diem, and providing authority for federal and state base grants to local communities at the same level provided during the 2003 biennium
<p>Major LFD Issue</p>
<ul style="list-style-type: none"> ○ General fund support for periodical database

Program Reorganization

The Library Commission approved an agency reorganization that will merge Program 07-Natural Resource Information System (NRIS), operations, funding, and staff with the Library Information Services Division (LISD) funded through this program. The purpose of the reorganization is to create an integrated information department at the Montana State Library (MSL) with a focus on providing digital information. The reorganization will reduce the number of library staff that support its former paper-based collection and services by 200 FTE, and provide a cost savings of about \$132,400 each year by eliminating materials not needed under its new digital library role.

Funding

The following table shows program funding, by source, for the base year and for the 2005 biennium as recommended by the Governor.

Program Funding	Base Fiscal 2002	% of Base Fiscal 2002	Budget Fiscal 2004	% of Budget Fiscal 2004	Budget Fiscal 2005	% of Budget Fiscal 2005
01100 General Fund	\$ 1,687,655	61.1%	\$ 1,895,629	42.9%	\$ 1,639,776	51.1%
02005 Operating-Other State Special	775	0.0%	775	0.0%	775	0.0%
02026 Nris State Special	-	-	278,570	6.3%	253,570	7.9%
02272 Renewable Resources Grnt/Loans	-	-	207,650	4.7%	207,460	6.5%
02340 Coal Sev. Tax Shared Ssr	166,727	6.0%	144,038	3.3%	140,265	4.4%
02458 Reclamation & Development	-	-	183,782	4.2%	183,630	5.7%
03018 Library Commission	906,567	32.8%	1,200,694	27.2%	750,694	23.4%
03930 Nris Federal Funds	-	-	<u>505,000</u>	<u>11.4%</u>	<u>30,000</u>	<u>0.9%</u>
Grand Total	<u>\$ 2,761,724</u>	<u>100.0%</u>	<u>\$ 4,416,138</u>	<u>100.0%</u>	<u>\$ 3,206,170</u>	<u>100.0%</u>

The program is funded with a combination of general fund, state special revenue from coal tax and donations, and federal special revenue from federal Library Service Technology Act (LSTA) grants.

General fund supports the interlibrary loan reimbursement program, state aid to libraries throughout Montana, base grants to the six federations, and general operations. It has also supported the periodical database during the last two biennia.

State special revenue is from coal tax interest earnings which funds general operations, materials and on-line books, and library federation grants that help local libraries provide basic services and from renewable resources and reclamation and development trust accounts and from the departments of Fish, Wildlife and Parks, Transportation, and Environmental Quality which fund NRIS. Federal LSTA funding provides grants to Montana libraries and supports state library operations, other federal funds are from contracts NRIS receives for specific services to federal agencies.

Present Law Adjustments	-----Fiscal 2004-----					-----Fiscal 2005-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					(68,207)					(69,123)
Vacancy Savings					(40,649)					(40,615)
Inflation/Deflation					1,300					2,500
Fixed Costs					51,590					46,585
Total Statewide Present Law Adjustments					(\$55,966)					(\$60,653)
DP 4 - Standard Base Adjustments	0.00	140,105	(775)	483,320	622,650	0.00	(111,033)	(775)	33,320	(78,488)
DP 7009 - Reduce Expenses in the RIT Accounts -NRIS	0.00	0	(17,398)	0	(17,398)	0.00	0	(17,057)	0	(17,057)
Total Other Present Law Adjustments	0.00	\$140,105	(\$18,173)	\$483,320	\$605,252	0.00	(\$111,033)	(\$17,832)	\$33,320	(\$95,545)
Grand Total All Present Law Adjustments					\$549,286					(\$156,198)

Executive Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 4 - Standard Base Adjustments - This decision package re-establishes zero-based per diem for the Library Commission, increases federal authority to the estimated grant awards realigns the biennial appropriation related to state aid, and re-establishes talking books base expenses that are coded into statewide fixed cost categories.

LFD COMMENT	<p>Federal LSTA grant funds, administered by the Library Commission, can be spent over three state fiscal years (two federal fiscal years). Therefore, this adjustment provides authority for the estimated carryover balance of grant funds awarded in fiscal year 2002 and 2003, along with the estimated grant funding in the next biennium. The funds awarded to Montana are used for State Library programs, such as the Talking Book Library and the Library Development Department; for statewide projects such as the Montana Library Network; and for a variety of local or regional library projects that may be selected through a competitive process. Federal reauthorization efforts are currently underway and anticipated to be completed in early 2003. The outlook for Montana is that funding will continue at the current level of \$724,000.</p> <p>The remaining component of this proposal includes a \$104,900 general fund base adjustment consisting of minimal adjustments for commission per diem and the talking books program, with the majority providing full funding of the state aid biennial appropriation. Actual expenditures in the fiscal 2002 base year were \$115,488 of the \$251,138 appropriated for the biennium resulting in base adjustments of \$135,650 and -\$115,488 in each year of the 2005 biennium.</p>
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DP 7009 - Reduce Expenses in the RIT Accounts -NRIS - Funds are requested to alleviate an initially projected negative balance in the renewable resources and reclamation and development accounts.

LFD COMMENT	<p>The funding source for this proposal is state special revenue from the renewable resource grant and loan account and the reclamation and development grant account. These funds support NRIS operations and grants. Based on activities funded throughout all state agencies, a revenue shortfall is anticipated in these accounts. Refer to the RIT discussion in "Section C-Natural Resources and Commerce under the Department of Natural Resources and Conservation" for details regarding the revenue status. Impacts will be absorbed through additional vacancy savings. This is a short-term solution to the declining revenue issue as personal services are funded based on the snapshot done each biennium making the reduction one-time in nature. Therefore, if the revenue trend continues in future biennia, the problem will need to be addressed through new decision packages.</p>
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New Proposals	-----Fiscal 2004-----					-----Fiscal 2005-----					
	Program	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 1 - Restore OTO for Periodical E-Database											
01	0.00	90,337	128,663		0	219,000	0.00	90,337	128,663	0	219,000
DP 5 - NRIS Reorganization (Prg 7 to Prg 1)											
01	6.00	104,900	687,400		505,000	1,297,300	6.00	104,780	661,717	30,000	796,497
DP 7006 - Reduce Reimbursements for Loans											
01	0.00	(127,365)	0		0	(127,365)	0.00	(127,365)	0	0	(127,365)
DP 7007 - NRIS/LISD Reorganization Cost Savings											
01	(2.00)	(132,456)	0		0	(132,456)	(2.00)	(132,364)	0	0	(132,364)
DP 7008 - Coal Tax Shared Account Reduction											
01	0.00	0	(151,351)		0	(151,351)	0.00	0	(155,124)	0	(155,124)
Total	4.00	(\$64,584)	\$664,712		\$505,000	\$1,105,128	4.00	(\$64,612)	\$635,256	\$30,000	\$600,644

New Proposals

The "New Proposals" table summarizes all new proposals requested by the executive. Descriptions and LFD discussion of each new proposal are included in the individual program narratives.

DP 1 - Restore OTO for Periodical E-Database - First funded by the Fifty-fifth Legislature, the project allows libraries to subscribe to an extensive magazine database. The database includes full-text articles from 5,812 magazines and journals in all subject fields, including health and business. The business source provides information on companies, markets and

industries, market trends, mergers and acquisitions, current management theory, and company overviews.

The Periodical Database is funded with \$90,337 of general fund and \$128,663 of coal severance tax annually.

**LFD
ISSUE**

General Fund Support for Periodical Database

The issue the legislature may want to consider is how much state support this project should receive based on the agency mission and state and local benefits of the project. The mission of the Montana State Library is to help all citizens receive the information services that they need to improve or enhance their lives. MCA 22-1-103(7) allows the Library Commission to furnish library assistance and information services to "residents of those parts of the state inadequately serviced by libraries". Also, legislative policy is to encourage the most efficient delivery of library services to the people of Montana (22-1-401, MCA). This project provides a financial benefit to local libraries along with the benefit of developing business and job skills of Montana citizens through this information resource. Performance measures indicate that 289 Montana libraries are connected to the database and the number of user searches doubled to almost 647,000 between 2000 and 2001.

This proposal was initially funded as a pilot project with the expectation that the executive would evaluate the program to determine whether it merited continuation. The legislature appropriated \$400,000 in each of the last two biennia, with a 50/50 split between general fund and state special revenue in the first biennium. The general fund proportion was reduced to 41.3 percent last biennium. The executive proposes a \$38,000 or 9.5 percent inflationary increase for the 2005 biennium and continuing the current funding split of 41.3 percent general fund and 58.7 percent coal severance tax.

Local libraries experience a significant financial benefit of a single -point-user license purchased through the state. They contributed \$106,155, or about 21.0 percent toward the service in past biennia. The executive proposal would result in the same 21.0 percent, local share with a slight dollar increase of \$10,085 due to inflation. Based on a \$475 average cost of a periodical published in the US, it would cost an individual library about \$2,749,000 annually to subscribe to all the periodicals available through this product. Therefore, local libraries would still benefit significantly if more of the cost were shifted from the state to the local libraries.

Federal LSTA funds have not been used for this project, but could with approval of the Library Commission. LSTA funds can be used to "develop library networks to share library information resources across institutional, local and state boundaries, and to reach those for whom library use requires extra effort or special materials". The Library Commission submits a five-year plan to the federal government regarding intended use of these funds. The current plan was approved in 2002 and contains goals and LSTA funding justification that could support the use of these funds for the periodical database. The most applicable goal is as follows.

"Goal: Citizens & Students have easy access to and use multiple electronic information resources through their libraries.

LSTA Purpose: Assisting libraries in accessing information through electronic networks, and linking libraries electronically with education, social and information services."

**LFD
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(continued)**

Options:

- Reduce general fund. The Library Commission could redirect some of the federal LSTA funds for grants to this purpose or require local libraries to pay a higher cost for the service. Replacing general fund with LSTA funds would provide a \$180,675 cost savings to the state. However, federal funding is expected to continue at the current level so this option would reduce the amount of federal funding available for grants. Currently, local libraries support approximately 21 percent of the periodical cost. Increasing the local share to 50 percent would provide a cost savings to the state of \$160,880, 30 percent would provide a \$50,032 cost savings.
- Approve the executive proposed funding level.

Figure 1

State Library Commission Periodical Database Historical Biennium Appropriations and Funding Scenarios										
Funding Source	HISTORICAL FUNDING LEVELS		EXECUTIVE PROPOSAL	Percent of Total	FUNDING SCENARIOS					
	2001 Biennium	2003 Biennium	2005 Biennium		Scenario 1 Replace GF w/ Fed	Percent of Total	Scenario 2 50/50 state/local	Percent of Total	Scenario 3 70/30 state/local	Percent of Total
General Fund	\$ 200,000	\$ 165,000	\$ 180,675		\$ -		\$ 19,795		\$ 130,643	
Coal Severance Tax	200,000	235,000	257,325		257,325		257,325		257,325	
Sub-total State	400,000	400,000	438,000	79.03%	257,325	46.43%	277,120	50.00%	387,968	70.00%
Federal LSTA	-	-	-	-	180,675	32.60%	-	-	-	-
Local Library Contribution	106,155	106,155	116,240	20.97%	116,240	20.97%	277,120	50.00%	166,272	30.00%
Total	\$ 506,155	\$ 506,155	\$ 554,240	100.00%	\$ 554,240	100.00%	\$ 554,240	100.00%	\$ 554,240	100.00%
General Fund Savings					\$ 180,675		\$ 160,880		\$ 50,032	

DP 5 - NRIS Reorganization (Prg 7 to Prg 1) - The Montana Library Commission approved a merger of the Library and Information Services Department and the Natural Resources Information System (NRIS). This merger will create an integrated information department at MSL with a focus on providing digital information.

**LFD
COMMENT**

Refer to the reorganization discussion under the agency summary for additional information.

DP 7006 - Reduce Reimbursements for Loans - The executive proposes a reduction in the interlibrary loan reimbursement program of \$127,365, as approved by the Montana State Library Commission. The program initially was funded at about \$300,000.

**LFD
COMMENT**

The Governor reduced this program by \$27,800, or 9.3 percent in fiscal 2003. This proposal continues the reduction, but at an increased level for a total reduction in funding of 42.6 percent in the 2005 biennium. Through this program each Montana library that willingly shares its resources with the patrons of other Montana libraries is eligible for reimbursement of a portion of the costs. The impact is that libraries will experience higher costs of loaning, as each interlibrary loan request will generate less reimbursement dollars. The 97 libraries that received reimbursements in fiscal 2002 would experience an average reduction of about \$1,300.

DP 7007 - NRIS/LISD Reorganization Cost Savings - By reorganizing NRIS into the LISD, the MSL Commission can achieve a general fund cost savings of \$132,456 and \$132,364 in fiscal 2004 and fiscal 2005 respectively. The MSL is eliminating 2.00 FTE, reducing operating by \$37,700 and library books by \$41,794 per year.

DP 7008 - Coal Tax Shared Account Reduction - The Executive Budget proposes to reduce the coal severance tax shared account from 7.75 percent to 4.18 percent for the 2005 biennium. The two areas that are targeted for reductions are library federation funding and the library's materials budget. Federation funding will be reduced by \$97,217 and \$100,990 in fiscal 2004 and fiscal 2005, respectively. The materials budget will be reduced by \$54,134 annually.

**LFD
COMMENT**

This proposal would change the distribution of coal severance tax interest earnings to the shared account from 7.75 percent to 4.18 percent. The 2001 legislature appropriated, annual coal severance tax funding of \$97,200 for federations, \$69,500 for materials and memberships, and \$117,500 for the periodical database. Reductions in 2003 by the Governor and legislature reduced federations by \$27,217 and materials and membership funding by \$42,783. The executive is proposing a further reduction that would result in the elimination of federation coal tax funding and leave \$15,700 in the materials budget. Federations would still receive annual base grants of \$82,000 general fund. This equates to \$1,000 per public library in each federation for their operating budget. MCA Title 22, Chapter 1, Part 4 allows state funds to be appropriated to the Library Commission to provide the benefits of quality public library service to all residents of Montana through library federations. Six library federations exist throughout the state serving public libraries and public school libraries in their region. Federations use state funds for training, grants, and materials in their regions.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005	Total Exec. Budget Fiscal 04-05
FTE	6.00	0.00	(6.00)	0.00	0.00	(6.00)	0.00	0.00
Personal Services	273,202	61,009	(334,211)	0	60,141	(333,343)	0	0
Operating Expenses	319,017	931	(319,948)	0	996	(320,013)	0	0
Equipment	23,141	0	(23,141)	0	0	(23,141)	0	0
Transfers	0	0	0	0	0	0	0	0
Total Costs	\$615,360	\$61,940	(\$677,300)	\$0	\$61,137	(\$676,497)	\$0	\$0
General Fund	86,441	13,946	(100,387)	0	13,826	(100,267)	0	0
State/Other Special	498,919	47,994	(546,913)	0	47,311	(546,230)	0	0
Federal Special	30,000	0	(30,000)	0	0	(30,000)	0	0
Total Funds	\$615,360	\$61,940	(\$677,300)	\$0	\$61,137	(\$676,497)	\$0	\$0

Program Description

The Natural Resources Information Services Program (NRIS) manages the natural resources and related data for the state. To avoid expensive duplication, NRIS provides a standard system for the acquisition, storage, retrieval, and management of this data, and manages the state's Water Information System. The program also administers the Montana Natural Heritage Program, a database on rare or exemplary plants, animals, communities, and geological features.

Program Narrative

Natural Resource Information System Major Budget Highlights
<ul style="list-style-type: none"> o Total funding increases 10 percent over the fiscal 2002 base due to personal services and inflationary adjustments o The executive proposes transferring the program's 6.00 FTE and funding of approximately \$677,000 each year to State Library Operations due to an agency reorganization approved by the library commission

Program Reorganization

The Library Commission approved an agency reorganization that will merge NRIS operations, funding and staff with the Library Information Services Division funded through program 01. The purpose of the reorganization is to create an integrated information department at the Montana State Library with a focus on providing digital information. The reorganization will reduce the number of library staff that support its former paper-based collection and services by 2.00 FTE, and provide a cost savings of about \$132,400 each year by eliminating materials not germane to its new digital library role. NRIS functions are expected to continue as they currently exist.

Funding

The following table shows program funding, by source, for the base year and for the 2005 biennium as recommended by the Governor.

	Base	% of Base	Budget	Budget
Program Funding	Fiscal 2002	Fiscal 2002	Fiscal 2004	Fiscal 2005
01100 General Fund	\$ 86,441	14.0%	\$ -	\$ -
02026 Nris State Special	160,162	26.0%	-	-
02272 Renewable Resources Gmt/Loans	179,698	29.2%	-	-
02458 Reclamation & Development	159,059	25.8%	-	-
03930 Nris Federal Funds	<u>30,000</u>	<u>4.9%</u>	-	-
Grand Total	<u>\$ 615,360</u>	<u>100.0%</u>	-	-

The program is funded with a combination of general fund, state special revenue from renewable resources and reclamation and development trust accounts and from the departments of Fish, Wildlife and Parks, Transportation, and Environmental Quality, and federal special revenue from contracts NRIS receives for specific services to federal agencies. Funding under the proposed reorganization is expected to continue at the current level. State contracts with other state agencies are maintained and included in individual agency base budgets.

	-----Fiscal 2004-----					-----Fiscal 2005-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					74,896					74,031
Vacancy Savings					(13,887)					(13,890)
Inflation/Deflation					1,354					1,419
Fixed Costs					(423)					(423)
Total Statewide Present Law Adjustments					\$61,940					\$61,137
Grand Total All Present Law Adjustments					\$61,940					\$61,137

Executive Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

New Proposals	-----Fiscal 2004-----					-----Fiscal 2005-----					
	Program	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 5 - NRIS/LISD Reorganization											
07	(6.00)	(100,387)	(546,913)	(30,000)	(677,300)	(6.00)	(100,267)	(546,230)	(30,000)	(676,497)	
Total	(6.00)	(\$100,387)	(\$546,913)	(\$30,000)	(\$677,300)	(6.00)	(\$100,267)	(\$546,230)	(\$30,000)	(\$676,497)	

New Proposals

The "New Proposals" table summarizes all new proposals requested by the executive. Descriptions and LFD discussion of each new proposal are included in the individual program narratives.

DP 5 - NRIS/LISD Reorganization - The Montana Library Commission approved a merger of the Library and Information Services Department and the Natural Resources Information System (NRIS). This merger will create an integrated information department at MSL with a focus on providing digital information.