

Agency Biennium Comparison

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

Agency Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Personal Services	6,433,580	5,789,873	(643,707)	(10.01)%
Operating Expenses	6,752,300	9,398,584	2,646,284	39.19 %
Grants	974,961	950,000	(24,961)	(2.56)%
Debt Service	3,044	0	(3,044)	(100.00)%
Total Expenditures	\$14,163,885	\$16,138,457	\$1,974,572	13.94 %
General Fund	5,710,161	6,519,753	809,592	14.18 %
State/Other Special Rev. Funds	6,318,031	6,969,969	651,938	10.32 %
Federal Spec. Rev. Funds	2,127,939	2,648,735	520,796	24.47 %
Proprietary Funds	7,754	0	(7,754)	(100.00)%
Total Funds	\$14,163,885	\$16,138,457	\$1,974,572	13.94 %
Total Ongoing	\$13,238,885	\$15,138,457	\$1,899,572	14.35 %
Total OTO	\$925,000	\$1,000,000	\$75,000	8.11 %

Mission Statement

The Montana State Library helps all organizations, communities, and Montanans thrive through excellent library resources and services.

Please refer to the agency profile at <https://www.leg.mt.gov/lfd/appropriation-subcommittee-section-e/agency-montana-state-library/> for additional information about the agency's organization structure, historical expenditures, goals and objectives, and recent studies and audits.

Agency Highlights

Montana State Library Major Budget Highlights
<ul style="list-style-type: none"> • The Montana State Library’s 2025 biennium budget request is \$2.0 million or 14.0% higher in than the 2023 biennium budget. The executive is requesting: <ul style="list-style-type: none"> ◦ An increase in authority for statewide present law adjustment for personal services and inflation ◦ An increase of \$195,000 of federal special revenue per fiscal year in the 2025 biennium, so that the appropriation matches the anticipated federal Library Services and Technology Act grant funding ◦ A decrease in general fund fixed costs of \$293,000 in rent for the library’s previous location and a new proposal for rent of \$165,000 for an off-campus location lease, resulting in a net decrease of \$128,000 of general fund for both changes ◦ Restricted, one-time-only state special revenue funding of \$500,000 per fiscal year for additional start-up and ongoing costs related to the Montana real-time network • The Montana State Library’s statutory appropriation of general fund for state aid to public libraries, 22-1-327, MCA, is set to expire at the end of FY 2023. The Montana State Library is requesting legislation to reauthorize this statutory appropriation at an increased rate of \$0.50 per capita. The increase in requested state aid is to offset the impact of adding tribal college libraries to the public libraries eligible for distribution • The Montana State Library's 2023 biennium HB 2 budget included \$925,000 of restricted, biennial, one-time-only funding for the start-up costs of a real-time network, which is a network of permanent continuously operating reference stations (CORS) spread throughout the state. The executive has requested a restricted, one-time-only appropriation of state special revenue of \$500,000 per fiscal year in the 2025 biennium for additional start-up costs and ongoing costs for the real-time network

Agency Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Request Fiscal 2024	Request Fiscal 2025
FTE	0.00	30.46	30.46	30.46	30.46
Personal Services	3,982,274	4,176,840	2,256,740	2,887,890	2,901,983
Operating Expenses	2,249,518	2,555,911	4,196,389	4,682,820	4,715,764
Grants	474,515	499,961	475,000	475,000	475,000
Debt Service	3,043	3,044	0	0	0
Total Expenditures	\$6,709,350	\$7,235,756	\$6,928,129	\$8,045,710	\$8,092,747
General Fund	2,582,110	2,828,689	2,881,472	3,239,987	3,279,766
State/Other Special Rev. Funds	2,884,694	3,156,767	3,161,264	3,482,264	3,487,705
Federal Spec. Rev. Funds	1,242,546	1,242,546	885,393	1,323,459	1,325,276
Proprietary Funds	0	7,754	0	0	0
Total Funds	\$6,709,350	\$7,235,756	\$6,928,129	\$8,045,710	\$8,092,747
Total Ongoing	\$6,450,710	\$6,773,256	\$6,465,629	\$7,545,710	\$7,592,747
Total OTO	\$258,640	\$462,500	\$462,500	\$500,000	\$500,000

Agency Discussion

FY 2022 Appropriation Compared to FY 2022 Actual Expenditures

The Montana State Library is funded in HB 2 with general fund, state special revenue, and federal special revenue. The FY 2022 HB 2 modified budget of \$7.2 million was 92.8% expended at fiscal year-end. The percent expended is slightly lower than the average for the past three fiscal years of expenditure, which is 93.5%. However, the average expenditure amount for the past three fiscal years was approximately \$5.2 million, whereas expenditures in FY 2022 totaled \$6.7 million.

The lower expenditure percentage in FY 2022 was primarily in operating expenses due to remaining authority restricted for expenditures related to information technology services provided by the Department of Administration's State Information Technology Services Division (SITSD), as well as restricted one-time-only authority for the real-time network project.

FY 2022 Appropriations Compared to FY 2023 Appropriations

In FY 2022, the Montana State Library moved approximately \$1.8 million from appropriations for operating expenses and grants to personal services. This was primarily to fund 10.45 modified HB 2 FTE, which the Montana State Library added in FY 2022. Of those, 4.45 FTE were new in FY 2022, and 6.00 were existing modified FTE that were re-established. Modified FTE are not included in the budget for personal services. As a result, in FY 2023, the personal services budget transfer reverted to operating expenses. The personal services budget in FY 2023 is, therefore, \$1.9 million less than the personal services budget in FY 2022.

Also, in FY 2022, the Montana State Library transferred approximately \$359,000 of federal special revenue authority for personal services from FY 2023 to FY 2022, as allowed in HB 2 language.

Overall, the FY 2023 appropriation is 4.3% lower than the FY 2022 appropriation.

Comparison of FY 2023 Legislative Budget to FY 2023 Base

The figure below illustrates the beginning FY 2023 budget as adopted by the 2021 Legislature compared to the FY 2023 base budget, which includes modifications as approved by the approving authority (as authorized in statute) during the interim. The FY 2023 base budget was agreed upon by the executive and legislative branches to be the point from which any changes would be recorded for the 2023 biennium budgeting process.

Montana State Library Comparison of the FY 2023 Legislative Budget to the FY 2023 Base Budget				
	Legislative Budget	Executive Modification per Statutory Authority	Executive Base Budget	% Change from Legislative Action
Statewide Library Resources				
Personal Services	2,374,416	126,180	2,500,596	5.3%
Operating Expenses	2,893,235	596,798	3,490,033	20.6%
Grants	1,197,978	(722,978)	475,000	-60.3%
Total	6,465,629	-	6,465,629	0.0%

In FY 2022, the legislative budget was modified by the movement of approximately \$723,000 from grants to personal services and operating expenses to align with the Montana State Library's planned expenditure for FY 2023. In terms of fund type, there were no modifications to the legislative budget.

Executive Request

The Montana State Library is requesting an increase over the executive base budget of approximately \$1.6 million in FY 2024 and \$1.6 million in FY 2025. The increase is primarily due to statewide present law adjustments for personal services, as well as inflation, and a requested increase of federal special revenue appropriation authority and a restricted, one-time-only appropriation of state-special revenue for additional start-up costs for the real-time network.

The Montana State Library's funding is budgeted under one program, Statewide Library Resources. It can be challenging, with only program, to review how much funding is allocated to and expended for the various functions that the State Library serves. In the 2023 interim, the Section E Interim Budget Committee looked at different ways of reviewing the State Library's budget and expenditures in more detail: <https://leg.mt.gov/content/Publications/fiscal/2023-Interim/IBC-E/LFD-Memo-MSL-Program-03-16-22-Final.pdf>

The Legislative Fiscal Division identified three higher level categories, based on function, to view how the budget is allocated, including: central services; patron and local library development services; and Geographic Information System (GIS), data, and information programs.

The category of central services includes administrative services for the agency, such as human resources, accounting, and information technology services. Patron and local library development services include the talking book library, consulting and learning services provided to local libraries, and statewide projects such as courier services and subscriptions managed by the Montana State Library for public libraries. GIS, data, and information programs include the Montana Natural Heritage Program, GIS mapping, and other information and data-related programs and services.

The following figure shows the Montana State Library's HB 2 FY 2022 expenditures, the FY 2022 legislative budget as it was allocated in the budget that was passed by the 2021 legislature, the 2023 executive base budget allocation, and the proposed HB 2 budget for FY 2024 and 2025 for the three categories. Because the Montana State Library's funding is budgeted in one program, the agency can move funding within the program among these categories as needed without executive modifications. The categories are included to provide a better understanding of the allocation for the various functions.

Montana State Library Budget Allocation by Category					
	2022 Actuals	2022 Legislative Budget Allocation	2023 Executive Base Allocation	2024 Proposed Allocation	2025 Proposed Allocation
Central Services	1,872,523	2,792,905	3,462,603	3,611,046	3,632,367
Patron & Local Library Development Services	2,041,146	1,101,464	1,276,513	1,873,183	1,883,439
<i>Patron Services</i>	478,982	458,033	319,454	609,778	615,409
<i>Consulting & Learning</i>	712,662	184,960	264,188	231,318	231,424
<i>Statewide Projects</i>	849,502	458,471	692,871	1,032,087	1,036,606
GIS, Data, & Information Programs	2,534,231	2,512,588	1,726,513	2,561,481	2,576,941
<i>MT Land Information Act (MLIA)</i>	981,325	1,623,644	532,239	1,104,926	1,108,560
<i>Information Products</i>	509,590	360,195	442,728	565,229	569,615
<i>Information Management</i>	805,990	592,143	474,330	674,096	679,303
<i>MT Natural Heritage Program</i>	495,967	398,698	277,216	217,230	219,463
Unallocated Funding	-	47,185	-	-	-
COVID-19 LSTA	2,810	-	-	-	-
Total Funds	6,709,351	6,916,642	6,465,629	8,045,710	8,092,747

In FY 2022, the Montana State Library expended \$1.9 million in the central services category, which is 67.0% of the FY 2022 legislative budget allocated for that category. For patron and local library development services, the Montana State Library expended \$2.0 million or 185.3% of the legislative budget allocation, and for GIS, data, and information programs, the Montana State Library expended \$2.5 million or 100.9% of the legislative budget allocation.

In the allocation of the 2023 executive base, 53.6% of HB 2 funding is budgeted in central services. Funding for patron and local library development services comprises 19.7% of the budget, and 26.7% of the budget is allocated for GIS, data, and information programs. The Montana State Library will likely move some of the funding allocated to central services to other categories as needed.

As proposed in the FY 2024 and FY 2025 HB 2 budget, approximately 44.9% of the State Library's is allocated to central services; 23.3% is allocated to patron and local library development services; and 31.8% is allocated to GIS, data, and information programs.

5% Reduction Plan

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5.0%. The general fund reduction impact for the Montana State Library is approximately \$128,000 and would impact the resource sharing funds. The resource sharing funds reduce the cost for local libraries to participate in the Montana shared catalog, and a reduction in these funds would pass these costs on to local communities.

Additionally, the 5.0% plan includes reductions to state special revenue of approximately \$45,000 for the Montana State Library. The digitization of Montana state publications would slow as a result of these reductions.

A summary of the 2025 biennium 5% plan submitted for this agency can be found online at the Section E subcommittee webpage.

Agency Goals and Objectives

Statute requires that agencies submit a statement of the agency mission and a statement of goals and objectives for each program of the agency. The goals and objectives are required to be concise, specific, quantifiable, and measurable. Goals and objectives, submitted by the agency, are included in the agency profile webpage.

Agency Personal Services

In order to explain the factors influencing personal service changes, the proposed statewide personal services present law adjustment (DP 1) has been broken down into three categories, as follows:

- Legislatively approved changes – This category includes adjustments explicitly approved by the legislature, such as expected changes to annual personal services costs included in the FY 2023 statewide pay plan adjustments, changes to benefit rates, increases in pay approved by the legislature, longevity adjustments required by statute, and changes in rates for workers’ compensation and unemployment insurance
- Management decisions – This category includes agency management decisions that adjust personal services related to changes in pay. This includes changes such as hiring full time equivalent (FTE) at a lower rate to replace senior staff and broadband pay adjustments for recruitment and retention
- Budget modifications – This category includes other modifications to the FY 2023 personal services base budget such as management decisions to transfer personal services funding between programs within an agency or transfers to move personal funding to or from other expenditure categories (e.g. moving funding from operating expenses to personal services)

The figure below shows the analysis of the executive budget for personal services for each program.

Statewide Present Law Adjustment for Personal Services FY 2024 Decision Package 1				
Program	Expected Changes	Management Decisions	Budget Modifications	Decision Package 1
01 Statewide Library Resources	31,709	531,883	182,559	746,151
Grand Total	31,709	531,883	182,559	746,151

Personal services were \$2.3 million or 34.4% of total FY 2023 HB 2 appropriations to fund 30.46 FTE. The executive proposes an increase of approximately \$746,000 in FY 2024 and \$760,000 in FY 2025.

Legislative changes comprise a portion of the increase in the statewide present law adjustment for personal services. The annualization of the legislatively approved pay plan and statutorily required adjustments for longevity are the primary drivers for this increase, as well as change packages approved by the 2021 Legislature, such as Natural Resource Information System (NRIS)/Geographic Information Systems (GIS) fixed costs and an additional 1.0% vacancy savings.

Management decisions make up 71.3% of the increase in personal services present law adjustments. These changes primarily consist of pay increases for market adjustments, movement to entry of the wage range, reclassification adjustments, and supervisory adjustments.

Other modifications to the FY 2023 personal services base like operating plan transfers and the fiscal transfer that occurred during the interim may impact the overall size of the personal services present law adjustment (DP 1). The Montana State Library had approximately \$183,000 of these modifications that impacted the base and are factored into the calculation of the present law adjustment for personal services.

Funding

The following table shows proposed agency funding for all sources of authority.

Total Montana State Library Funding by Source of Authority 2025 Biennium Budget Request - Montana State Library						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	6,519,753	0	0	1,084,226	7,603,979	39.73 %
State Special Total	5,969,969	1,000,000	0	999,794	7,969,763	41.65 %
Federal Special Total	2,648,735	0	0	0	2,648,735	13.84 %
Proprietary Total	0	0	914,401	0	914,401	4.78 %
Other Total	0	0	0	0	0	0.00 %
Total All Funds	\$15,138,457	\$1,000,000	\$914,401	\$2,084,020	\$19,136,878	
Percent - Total All Sources	79.11 %	5.23 %	4.78 %	10.89 %		

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

HB 2 Authority

The Montana State Library’s general fund authority in the 2025 biennium request totals \$6.5 million, which is 43.1% of the total authority requested for the agency in HB 2. It supports:

- General agency operations
- The statewide interlibrary resource sharing program
- Natural resource information system (NRIS)
- The Montana natural heritage program

State special revenue in the 2025 biennium totals approximately \$6.0 million, which is 39.4% of the total authority requested in HB 2. It supports:

- The digital library services account, which receives assessments paid by certain state agencies that use the NRIS/ Geographic Information Systems (GIS). Prior to the 2021 Legislative Session, the Office of Budget and Program Planning (OBPP) established a fixed cost component that is charged to 17 agencies, the Governor’s Office, and the Legislative Branch. Funding from this fixed cost in the 2023 biennium totaled \$399,000. Proposed fixed cost assessments will remain the same for the 2025 biennium
- The Montana land information account, which receives a portion of the document recording fees assessed at the local level, funds GIS and land information services and grants
- The coal severance tax library account, which is used for general operations, statewide technology contracts, and the library federation grants to assist local libraries in providing basic services

Federal special revenue funds requested in HB 2 total \$2.6 million, which is 17.5% of the total HB 2 authority. Federal special revenue is primarily comprised of Library Services and Technology Act (LSTA) grants administered by the Institute of Museum and Library Services (IMLS). These funds:

- Are a formula grant to the Montana State Library from the IMLS rather than a competitive grant
- 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

Proprietary Authority

Approximately 5.0% of the Montana State Library’s total budget request is non-budgeted proprietary funding. This funding is discussed in the Proprietary Rates section of the narrative.

Statutory

Authority

Statutory authority comprises approximately \$2.1 million or 11.5% of the total budget. The funding for this authority includes state special revenue from fees imposed for 9-1-1 mapping services; in accordance with 10-4-304(5), MCA, the Montana State Library's 9-1-1 GIS mapping account receives a transfer of \$450,000 of state special revenue each fiscal year through FY 2030. Statutory authority for the agency also includes general fund for state aid to public libraries, as authorized under 22-1-327, MCA. This statutory appropriation sunsets July 1, 2023; the Montana State Library has requested legislation to reauthorize the appropriation.

Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	2,881,472	2,881,472	5,762,944	88.39 %	6,465,629	6,465,629	12,931,258	80.13 %
SWPL Adjustments	191,793	231,572	423,365	6.49 %	718,359	765,396	1,483,755	9.19 %
PL Adjustments	165,000	165,000	330,000	5.06 %	165,000	165,000	330,000	2.04 %
New Proposals	1,722	1,722	3,444	0.05 %	696,722	696,722	1,393,444	8.63 %
Total Budget	\$3,239,987	\$3,279,766	\$6,519,753		\$8,045,710	\$8,092,747	\$16,138,457	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments	Fiscal 2024				Fiscal 2025					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	219,584	283,500	243,066	746,150	0.00	226,419	288,941	244,883	760,243
DP 2 - Fixed Costs	0.00	(213,607)	0	0	(213,607)	0.00	(242,542)	0	0	(242,542)
DP 3 - Inflation Deflation	0.00	185,816	0	0	185,816	0.00	247,695	0	0	247,695
DP 51507 - Off-Campus Location Lease	0.00	165,000	0	0	165,000	0.00	165,000	0	0	165,000
Grand Total All Present Law Adjustments	0.00	\$356,793	\$283,500	\$243,066	\$883,359	0.00	\$396,572	\$288,941	\$244,883	\$930,396

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

DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget to for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 51507 - Off-Campus Location Lease -

The executive requests general fund in each year of the 2025 biennium for an off-campus lease location. The Montana State Library moved from a 25,000 square-foot space in an on-campus building, rented at \$293,000 per year, to a 7,200 square-foot building, rented at \$165,000 per year. The reduction of general fund for the former location rent amount is included in DP 2 – Fixed Costs.

New Proposals

The "New Proposals" table shows new proposals for spending.

New Proposals	Fiscal 2024					Fiscal 2025				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 8 - Real Time Network (Restricted/OTO)	0.00	0	500,000	0	500,000	0.00	0	500,000	0	500,000
DP 99 - New Fixed Costs	0.00	1,722	0	0	1,722	0.00	1,722	0	0	1,722
DP 51506 - Increase Federal Authority	0.00	0	0	195,000	195,000	0.00	0	0	195,000	195,000
Total	0.00	\$1,722	\$500,000	\$195,000	\$696,722	0.00	\$1,722	\$500,000	\$195,000	\$696,722

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

DP 8 - Real Time Network (Restricted/OTO) -

The executive requests restricted, one-time-only state special revenue funding for additional start-up costs and operational costs for the statewide Real Time Network, a network of permanent continuously operating reference stations (CORS) spread throughout the state to provide precise location data.

DP 99 - New Fixed Costs -

The executive requests appropriations for the agency to provide funding for a new fixed cost for the State Management Training Center. The rates charged for this service are approved in the section of the budget that provides the services.

DP 51506 - Increase Federal Authority -

The executive requests to increase the Library's federal special revenue authority in each year of the 2025 biennium. The Library Services and Technology Act (LSTA) federal funding is estimated to be approximately \$1.3 million per year. This request would increase the Montana State Library's base federal authority to match the anticipated federal grant amounts.

Other Issues -

Proprietary Program Description

The Montana Shared Catalog (MSC) is a cooperative project involving approximately 180 libraries in 99 Montana communities. 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 MSC is funded with enterprise type proprietary funds. Since proprietary funds do not require an appropriation, they are not typically included in appropriation tables. The source of the funding is from member fees paid by the libraries to belong to the MSC.

2025 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Program Name
6021	MT Shared Catalog	51150	Statewide Library Resources

	Actual FY 22	Estimated FY 23	Proposed FY 24	Proposed FY 25
Operating Revenues				
Fees and Charges	448,867	458,583	472,340	472,340
Total Operating Revenues	448,867	458,583	472,340	472,340
Expenses				
Personal Services	297,771	214,662	221,102	227,735
Other Operating Expense	204,318	204,568	210,705	217,026
Total Operating Expense	502,089	419,230	431,807	444,761
Operating Income (Loss)	(53,221)	39,353	40,534	27,579
Beginning Net Position - July 1	211,714	158,492	197,845	238,379
Prior Period Adjustments				
Change in Net Position	(53,221)	39,353	40,534	27,579
Ending Net Position - June 30	158,492	197,845	238,379	265,958

Proprietary Revenue and Expenses

The MSC members pay membership dues that are used to pay operating expenses. There are approximately 180 member libraries that pay membership fees each year. Expenditures include personal services for 2.62 FTE and the payment of required fees for software licensing, user interface, indexing to make the system run, payment for required yearly catalog director station maintenance, travel budget for meeting with stakeholders and conference attendance, member training, and equipment replacement.

Proprietary Rate Explanation

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

- Individual library’s title count
- Patron count
- Circulation count
- Equal share contribution