

Agency Biennium Comparison

The following table compares the 2021 biennium appropriated budget and the 2023 biennium budget request by type of expenditure and source of funding.

Agency Biennium Comparison				
Budget Item	Appropriated Budget 20-21	Requested Budget 22-23	Biennium Change	Biennium % Change
Personal Services	5,138,926	4,943,834	(195,092)	(3.80)%
Operating Expenses	4,311,399	4,247,615	(63,784)	(1.48)%
Grants	1,696,730	2,309,356	612,626	36.11 %
Debt Service	3,000	0	(3,000)	(100.00)%
Total Expenditures	\$11,150,055	\$11,500,805	\$350,750	3.15 %
General Fund	5,205,870	7,015,561	1,809,691	34.76 %
State/Other Special Rev. Funds	3,835,900	2,717,056	(1,118,844)	(29.17)%
Federal Spec. Rev. Funds	2,108,285	1,768,188	(340,097)	(16.13)%
Total Funds	\$11,150,055	\$11,500,805	\$350,750	3.15 %
Total Ongoing	\$10,900,055	\$11,500,805	\$600,750	5.51 %
Total OTO	\$250,000	\$0	(\$250,000)	(100.00)%

Mission Statement

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

Please refer to the agency profile for the Montana State Library at <https://leg.mt.gov/lfd/state-agency-profiles/montana-state-library/> for additional information about the agency's organizational structure, historical expenditures, FY 2020 expenditure dashboard, and recent studies, audits, and legislation.

Agency Highlights

Montana State Library Major Budget Highlights
<ul style="list-style-type: none"> • The Montana State Library's 2023 biennium budget request is approximately \$351,000 or 3.2% higher than the 2021 biennium. The executive is requesting <ul style="list-style-type: none"> ◦ Increases in general fund for the statewide present law adjustment for fixed costs, which are primarily due to information technology costs ◦ Increases in state special revenue authority for the natural resource information system (NRIS) and the geographic information system (GIS) fixed cost. The Office of Budget and Program Planning included an assessment for the NRIS/GIS fixed cost to agencies as requested by the Legislative Finance Committee • There is proposed legislation that would redirect revenues from the coal severance tax state special revenue account to the general fund. This state special revenue account provides funding for the Montana State Library, so the executive is also proposing to replace this funding with general fund appropriations

Agency Actuals and Budget Comparison

The following table compares the last full fiscal year actuals, previous biennium appropriations by year, and current annual biennium budget request by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021	Request Fiscal 2022	Request Fiscal 2023
FTE	0.00	29.46	29.46	30.46	30.46
Personal Services	2,781,491	2,827,132	2,311,794	2,467,179	2,476,655
Operating Expenses	2,138,576	2,337,057	1,974,342	2,136,905	2,110,710
Grants	468,618	542,052	1,154,678	1,154,678	1,154,678
Debt Service	2,282	3,000	0	0	0
Total Expenditures	\$5,390,967	\$5,709,241	\$5,440,814	\$5,758,762	\$5,742,043
General Fund	2,528,197	2,598,274	2,607,596	3,516,245	3,499,316
State/Other Special Rev. Funds	1,844,229	1,882,464	1,953,436	1,358,428	1,358,628
Federal Spec. Rev. Funds	1,018,541	1,228,503	879,782	884,089	884,099
Total Funds	\$5,390,967	\$5,709,241	\$5,440,814	\$5,758,762	\$5,742,043
Total Ongoing	\$5,291,539	\$5,609,241	\$5,290,814	\$5,758,762	\$5,742,043
Total OTO	\$99,428	\$100,000	\$150,000	\$0	\$0

Agency Discussion

FY 2020 Appropriation Compared to FY 2020 Actual Expenditures

The Montana State Library is funded in HB 2 with general fund, state special revenue and federal special revenue. The HB 2 modified budget of \$5.7 million was 94.4% expended as of the end of FY 2020. Lower expenditures were primarily grants. Appropriations for grants totaled \$542,000 and were 86.5% expended. Lower expenditures in this expenditure category were due to the timing of grant activities.

FY 2020 Appropriations Compared to FY 2021 Appropriations

Overall, the FY 2021 appropriation is approximately \$268,000 or 4.7% lower than the FY 2020 appropriation. The difference in appropriations is primarily due to the 2019 Legislature approving a reduction of \$350,000 in federal special revenue in FY 2021 to align library services and technology grant activities with needed authority. This reduction is slightly offset by one-time-only funding of an additional \$50,000 and additional pay plan funding of \$38,000 in FY 2021.

Comparison of FY 2021 Legislative Budget to FY 2021 Base

Figure 1 illustrates the beginning FY 2021 budget as adopted by the 2019 Legislature compared to the FY 2021 base budget, which includes modifications made during the interim as authorized in statute. The FY 2021 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.

Figure 1

FY 2021 Legislative Appropriations - Montana State Library				
	Legislative Action	Executive Modifications per Statutory Authority	Executive Base	% Change from Legislative Action
01 STATEWIDE LIBRARY RESOURCES				
61000 Personal Services	2,311,794	-	2,311,794	0.0%
62000 Operating Expenses	1,824,342	-	1,824,342	0.0%
66000 Grants	1,154,678	-	1,154,678	0.0%
01 STATEWIDE LIBRARY RESOURCES Total	5,290,814	-	5,290,814	0.0%
51150 MONTANA STATE LIBRARY Total	5,290,814	-	5,290,814	0.0%

FY 2021 Legislative Appropriations - Montana State Library				
	Legislative Action	Executive Modifications per Statutory Authority	Executive Base	% Change from Legislative Action
01 General Fund	2,607,596	-	2,607,596	0.0%
02 State/Other Spec Rev	1,803,436	-	1,803,436	0.0%
03 Fed/Other Spec Rev	879,782	-	879,782	0.0%
Grand Total	5,290,814	-	5,290,814	0.0%

The FY 2021 budget as adopted by the 2019 Legislature has remained unchanged.

Executive Request

The Montana State Library is requesting an increase of approximately \$468,000 in FY 2022 and \$451,000 in FY 2023 above FY 2021 base appropriations. The increase is partly due to the statewide present law adjustment for fixed costs. This adjustment is primarily due to information technology costs for:

- The state's negotiated contract amount for the enterprise license agreement for GIS software

- The Montana State Library’s move from a virtual server platform managed by MSL within the State of Montana data center to the shared platform managed by the State Information Technology Services Division (SITSD). This move was made at SITSD’s request

The executive also has two new proposals. The executive is requesting an increase for the NRIS/GIS fixed costs allocated to agencies. This is discussed in more detail in the funding narrative below. Additionally, the executive is requesting a funding switch from the coal severance tax state special revenue fund to general fund.

5.0% Plans

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 \$125,000 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 \$40,000 for the Montana State Library. The digitization of Montana state publications would slow as a result of these reductions.

A summary of the entire 2023 biennium 5.0% plan submitted for this agency can be found online at the [Section E subcommittee page](#) on “Tab D Materials.”

Agency Personal Services

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

1. Expected Changes - This category includes those adjustments explicitly approved by the legislature, such as expected changes to annualize personal services costs including FY 2021 statewide pay plan adjustments, changes to benefit rates, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot, plus rate changes for workers’ compensation and unemployment insurance.
2. Personal Services Management Decisions - Any agency management decisions that adjusted employee pay. This includes raises or position changes that may increase or reduce a budget, such as hiring FTE at a lower rate to replace retired senior staff, or moving FTE between programs.
3. Modifications to the Personal Services Base Budget - Other modifications to the FY 2021 personal services base like operating plan transfers that occurred during the interim may impact the overall size of the personal services present law adjustment (DP 1)

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

Figure 2

Personal Services Present Law DP 1 - FY 2022				
Program	Expected Changes	Management Decisions	Budget Modifications	DP1 SWPL
01 STATEWIDE LIBRARY RESOURCES	22,144	48,815	-	70,959
Agency Total	\$ 22,144	\$ 48,815	\$ -	\$70,959

Personal services were \$2.3 million or 42.5% of total FY 2021 HB 2 appropriations. The executive proposes an increase of approximately \$71,000 in FY 2022 and \$79,000 in FY 2023.

Expected 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 the increase in this category.

Management decisions make up the remaining portion of the statewide present law adjustment for personal services. These changes primarily consist of pay increases for the movement to entry of the wage range, retention adjustments, promotions, and supervisory adjustments.

Funding

The following table shows proposed agency funding by source of authority.

Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	7,015,561	0	0	831,532	7,847,093	59.57 %
State Special Total	2,717,056	0	0	0	2,717,056	20.62 %
Federal Special Total	1,768,188	0	0	0	1,768,188	13.42 %
Proprietary Total	0	0	841,309	0	841,309	6.39 %
Other Total	0	0	0	0	0	0.00 %
Total All Funds	\$11,500,805	\$0	\$841,309	\$831,532	\$13,173,646	
Percent - Total All Sources	87.30 %	0.00 %	6.39 %	6.31 %		

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 is primarily funded with general fund in the 2023 biennium request. General fund authority totals \$7.0 million, which is 61.0% of the total authority requested in HB 2. It supports:

- The statewide interlibrary resource sharing program
- State aid to libraries throughout Montana
- The natural resource information system (NRIS)
- General agency operations

State special revenue in the 2023 biennium total \$2.7 million, which is 23.6% of the total authority requested in HB 2. This funding includes:

- The digital library services account, which receives assessments paid by certain state agencies that use the NRIS. In previous biennia, these agencies include the Departments of Fish, Wildlife, and Parks, Transportation, Environmental Quality, Natural Resources and Conservation, and the Montana University System. For the 2023 biennium, there is a new proposal that includes additional agencies. More information on this fund is included in the comment below
- The Montana land information account, which receives a portion of the document recording fees assessed at the local level

Federal special revenue funds requested in HB 2 total \$1.8 million, which is 15.4% 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 formula grants from the IMLS 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

**LFD
COMMENT**Legislative Finance Committee Interim Study and Recommendations

The 2019 Legislature passed HB 633, which required the Legislative Finance Committee (LFC) to conduct a study of the funding structure for the Montana State Library. The study examined the adequacy and fair distribution of the cost of administering and operating the natural resource information system and other digital library services among state agencies or other commercial entities. As a result of the study, the Legislative Finance Committee approved two committee bills and made one recommendation to the Office of Budget and Program Planning (OBPP).

Next Generation 911 Services

Next generation 911 systems are built on GIS datasets comprised of transportation and address data. The Montana State Library is the steward for these statewide datasets, which are a part of the Montana spatial data infrastructure.

The 2017 Legislature approved HB 61, which had an \$80,000 one-time-only appropriation for the Montana State Library to award a contract to conduct a statewide next generation 911 GIS data assessment. Public safety standards require the data be 98.0% accurate. The assessment found on average local government address and transportation data is 47.0% accurate. Following budget cuts during the 2017 session, MSL ceased updating transportation data due to staff layoffs and does not provide next generation 911 data services through its digital library services.

The Legislative Finance Committee approved a committee bill related to the next generation 911 services. If passed and approved by the 2021 Legislature, LC 441 would create a 911 GIS mapping state special revenue account and authorize a transfer \$450,000 at the beginning of each fiscal year. This transfer would terminate July 1, 2031.

Montana Land Information Act

The purpose of the Montana Land Information Act (MLIA) is to develop a standardization and sustainable way to collect, maintain, and disseminate information in digital form about the land characteristics of Montana.

The MLIA state special revenue account receives revenues from fees for filing documents such as land titles with county clerks. Of the \$7.00 collected by the county clerks from individuals filing documents, \$0.75 is deposited into the MLIA account. In FY 2020, the filing fee generated approximately \$927,000.

The Legislative Finance Committee approved a committee bill related to the fees for recording documents. If passed and approved, LC 430 would increase the fee from \$7.00 to \$8.00. Of this \$1.00 increase, \$0.75 would be deposited in the MLIA state special revenue account and \$0.50 would be deposited in the county land information account (7-6-2230, MCA).

Fixed Cost Component

The Legislative Finance Committee recommended that the Office of Budget and Program Planning (OBPP) include two fixed cost components for digital library services in the 2023 biennium budget:

- An assessment to state agencies using the natural resource information system based on the percent of the Environmental System Research Institute (ESRI) enterprise license agreements for each state agency
- An assessment to all state agencies based on active directory. This component would pay for website archival and general usage of digital library services

The natural resource information system is a program of the library for the acquisition, storage, and retrieval of existing data relating to the natural resources of Montana. Since 1997, the clearinghouse that is NRIS has been interrelated with the GIS, which could be considered a software, as well as the provision of applications and services to the public such as the Montana cadastral application. Twenty state agencies are licensed to utilize GIS services under NRIS. In order to utilize the GIS mapping function, the state agencies must be licensed. ESRI provides GIS software, web GIS, and geodatabase management applications.

The Office of Budget and Program Planning established a fixed cost component for NRIS/GIS in the proposed executive budget. OBPP used the consumer price index (CPI) inflation rate to apply a growth factor to the core funding of

approximately \$282,000, which was established in 2005. The new total of approximately \$399,000 was allocated to agencies as a percentage of licenses allocated to each agency for ESRI under the enterprise-wide license agreement (excluding the MSL). The table below shows the total allocation to each agency.

Figure 3

Montana State Library NRIS/GIS Fixed Costs Allocation		
Legislative Branch	\$ 5,889	1.5%
Governor's Office	207	0.1%
Office of Public Instruction	517	0.1%
Department of Justice	20,387	5.1%
Public Service Commission	207	0.1%
Montana University System	54,327	13.6%
Montana Historical Society	1,997	0.5%
Department of Fish, Wildlife & Parks	48,315	12.1%
Department of Environmental Quality	88,503	22.2%
Department of Transportation	30,924	7.8%
Department of Livestock	310	0.1%
Department of Natural Resources & Conservation	104,826	26.3%
Department of Revenue	9,539	2.4%
Department of Administration	2,721	0.7%
Department of Agriculture	4,029	1.0%
Department of Commerce	2,996	0.8%
Department of Labor & Industry	10,400	2.6%
Department of Military Affairs	2,204	0.6%
Department of Public Health & Human Services	10,400	2.6%
	<u>\$ 398,698</u>	<u>100.0%</u>

The LFC also requested that OBPP establish a fixed cost component for the archival of state agency websites and general usage of digital library services. It was proposed that these costs would be allocated using the number of active directories in each agency as a percentage of total active directories. Active directories are associated with the number of individuals in an agency utilizing information technology services. OBPP did not establish a fixed cost component for the digital library services.

Proprietary Authority

Approximately 6.4% of the Montana State Library functions are supported with a non-budgeted proprietary fund. This fund is discussed in the Proprietary Rates section of the narrative.

Statutory Authority

The Montana State Library is estimating approximately \$832,000 general fund statutory authority in the 2023 biennium. Statute (22-1-327, MCA) states that the commission shall distribute grants to public libraries and public library districts based on a per capita and per square mile basis. The base amount that can be allocated is \$0.40 multiplied by the total number of residents of the state as determined by the most recent decennial census.

LFD COMMENT

The U.S. Census Bureau is current in the process of conducting and compiling the results of the most recent decennial census. The Census Bureau is required to deliver apportionment counts to the President by December 31, 2020. By April 1, 2021, the Census Bureau will send redistricting counts to the states. The results of the census will impact the total amount of the statutory appropriation for the 2023 biennium.

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 Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget
2021 Base Budget	2,607,596	2,607,596	5,215,192	74.34 %	5,290,814	5,290,814	10,581,628	92.01 %
SWPL Adjustments	345,579	328,650	674,229	9.61 %	354,721	338,002	692,723	6.02 %
PL Adjustments	(3,930)	(3,930)	(7,860)	(0.11)%	(3,930)	(3,930)	(7,860)	(0.07)%
New Proposals	567,000	567,000	1,134,000	16.16 %	117,157	117,157	234,314	2.04 %
Total Budget	\$3,516,245	\$3,499,316	\$7,015,561		\$5,758,762	\$5,742,043	\$11,500,805	

HB 2 Language

The Montana State Library requests the following language be included in HB 2: "All HB 2 federal funding appropriations for the Montana State Library are biennial appropriations."

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 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	61,817	4,835	4,307	70,959	0.00	69,819	5,035	4,317	79,171
DP 2 - Fixed Costs	0.00	285,000	0	0	285,000	0.00	259,607	0	0	259,607
DP 3 - Inflation Deflation	0.00	(1,238)	0	0	(1,238)	0.00	(776)	0	0	(776)
DP 11 - ServiceNow Reduction	0.00	(3,930)	0	0	(3,930)	0.00	(3,930)	0	0	(3,930)
Grand Total All Present Law Adjustments	0.00	\$341,649	\$4,835	\$4,307	\$350,791	0.00	\$324,720	\$5,035	\$4,317	\$334,072

*"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:

- Expected changes
- Personal services management decisions
- Modifications made to the personal services budget in the 2021 biennium

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, 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 food, postage, gasoline, and others.

DP 11 - ServiceNow Reduction -

The executive requests a decrease in general because of the purchase of ServiceNow licenses and programs for the 2023 biennium. The Montana State Library is anticipating operating efficiencies and other savings by using ServiceNow.

New Proposals

The New Proposals table shows new changes to spending.

New Proposals	Fiscal 2022					Fiscal 2023				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 13 - NRIS/GIS Fixed Costs	1.00	0	117,157	0	117,157	1.00	0	117,157	0	117,157
DP 14 - Refinance Coal Severance Tax SSR Account	0.00	567,000	(567,000)	0	0	0.00	567,000	(567,000)	0	0
Total	1.00	\$567,000	(\$449,843)	\$0	\$117,157	1.00	\$567,000	(\$449,843)	\$0	\$117,157

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

DP 13 - NRIS/GIS Fixed Costs -

The 2019 Legislature enacted HB 633 requiring the Legislative Finance Committee to conduct a study of the funding of digital library services. The LFC recommended that the Office of Budget and Program Planning include an assessment for the natural resource information system and the geographic information system as a fixed cost to state agencies beginning in the 2023 biennium. The assessment is made to those agencies that utilize the NRIS/GIS.

The executive is requesting an increase in state special revenue authority and 1.00 FTE for the Montana State Library. These funds will be included with the current core funding for NRIS/GIS of \$282,000. Five state agencies have paid this core funding since 2005 without any inflationary increase. This new funding includes inflationary increases and redistributes the costs across all state agency that use NRIS/GIS.

DP 14 - Refinance Coal Severance Tax SSR Account -

The executive is requesting switching funding from the coal severance tax state special revenue fund to general fund. The coal severance tax account dedicated in statute provides funding for basic library services for the residents of all counties through library federation and for payment of costs of participating in regional and national networking. Due to volatility of revenues, the executive has proposed legislation to redirect the current revenue stream from the coal tax account to be deposited in the general fund. This change package moves the appropriation authority from the coal tax account to the general fund to coordinate with the legislation (LC 943).

Other Issues -

Proprietary Program Description

The Montana Shared Catalog (MSC) is a cooperative project involving approximately 177 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 an enterprise type proprietary fund. 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 libraries to belong to the MSC.

2023 Biennium Report on Internal Service and Enterprise Funds						
Fund	Fund Name	Agency #	Program Name			
06021	MT Shared Catalog	51150	Statewide Library Resources			
			Actual FY 20	Estimated FY 21	Proposed FY 22	Proposed FY 23
Operating Revenues						
Fees and Charges						
	Fee Revenue A		391,212	389,500	405,902	418,079
Total Operating Revenues			391,212	389,500	405,902	418,079
Expenses						
	Personal Services		148,283	159,570	186,081	186,208
	Other Operating Expense		227,149	234,510	234,510	234,510
Total Operating Expense			375,432	394,080	420,591	420,718
Operating Income (Loss)			15,780	(4,580)	(14,689)	(2,639)
Beginning Net Position - July 1			46,699	62,479	57,899	43,210
Prior Period Adjustments						
Change in Net Position			15,780	(4,580)	(14,689)	(2,639)
Ending Net Position - June 30			62,479	57,899	43,210	40,571

Proprietary Revenue and Expenses

The MSC members pay membership dues that are used to pay operating expenses. There are approximately 177 member libraries that pay membership fees each year. Expenditures include 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 fees assessed to each library are 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 titles count
- Patron count
- Circulation count
- Equal share contribution