

Agency Biennium Comparison

The following table compares the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Agency Biennium Comparison				
Budget Item	Appropriated Budget 18-19	Requested Budget 20-21	Biennium Change	Biennium % Change
Personal Services	4,346,437	4,513,363	166,926	3.84 %
Operating Expenses	3,451,694	3,645,163	193,469	5.61 %
Grants	2,450,314	2,659,356	209,042	8.53 %
Total Expenditures	\$10,248,445	\$10,817,882	\$569,437	5.56 %
General Fund	4,335,299	5,142,124	806,825	18.61 %
State/Other Special Rev. Funds	3,493,578	3,576,007	82,429	2.36 %
Federal Spec. Rev. Funds	2,419,568	2,099,751	(319,817)	(13.22)%
Total Funds	\$10,248,445	\$10,817,882	\$569,437	5.56 %
Total Ongoing	\$10,248,445	\$10,817,882	\$569,437	5.56 %
Total OTO	\$0	\$0	\$0	0.00 %

Agency Biennium Comparison -

The biennium comparison table shows a total growth of 5.6%, which for this agency is influenced by the FY 2018 appropriation reductions. Compared to the FY 2019 base appropriation, the growth is 4.8%.

Mission Statement

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

There is additional, more detailed information about the Montana State Library in the agency profile. The profile may be viewed at: <https://leg.mt.gov/afd/publications/>.

Agency Highlights

Montana State Library Major Budget Highlights
<ul style="list-style-type: none"> • The Montana State Library 2021 biennium budget request is approximately \$0.6 million or 5.6% higher than the 2019 biennium budget. While this is positive growth from the 2019 biennium it is 9.6% or \$1.1 million lower than the agency's 2017 biennium appropriation • The executive proposal includes a reduction of 1.00 FTE for a personal services savings of \$114,000

Agency Actuals and Budget Comparison

The following table compares the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2018	Approp. Fiscal 2018	Approp. Fiscal 2019	Request Fiscal 2020	Request Fiscal 2021
FTE	0.00	30.46	30.46	29.46	29.46
Personal Services	2,361,289	2,510,782	1,835,655	2,258,110	2,255,253
Operating Expenses	1,604,658	1,729,119	1,722,575	1,824,176	1,820,987
Grants	425,303	845,636	1,604,678	1,504,678	1,154,678
Total Expenditures	\$4,391,250	\$5,085,537	\$5,162,908	\$5,586,964	\$5,230,918
General Fund	2,099,353	2,148,954	2,186,345	2,582,171	2,559,953
State/Other Special Rev. Funds	1,399,846	1,729,049	1,764,529	1,779,549	1,796,458
Federal Spec. Rev. Funds	892,051	1,207,534	1,212,034	1,225,244	874,507
Total Funds	\$4,391,250	\$5,085,537	\$5,162,908	\$5,586,964	\$5,230,918
Total Ongoing	\$4,391,250	\$5,085,537	\$5,162,908	\$5,586,964	\$5,230,918
Total OTO	\$0	\$0	\$0	\$0	\$0

Agency Discussion

2018 Appropriations Compared to FY 2018 Actual Expenditures

The Montana State Library modified HB 2 budget of approximately \$5.1 million was 86.3% expended as of the end of FY 2018. General fund was 97.7% expended. State special revenue was 81.0% expended. Federal special revenue, with spending authority that will continue into FY 2019, was approximately 73.9% expended.

The lower expenditure of state and federal special funds is primarily due to the award and timing of grant activities. Of the grants awarded, only 50.3% were expended of their FY 2018 budget. This was anticipated for the agency since only a portion of the grant funding has been committed to projects during the fiscal year. In addition, due to a lag in the receipt of coal tax payments there is remaining coal tax grant authority that did not allow for allocations to the library federations prior to fiscal year-end.

FY 2018 Appropriations Compared to FY 2019 Appropriations

The appropriation for FY 2019 is 1.5%, or approximately \$77,000 greater than the appropriation for FY 2018. This is due to a combination of factors including:

- Original appropriations in HB 2 were higher in FY 2019
- November 2017 Special Session reductions were higher in FY 2018
- Pay plan increases were higher in FY 2019

Executive Request

Overall, the executive budget proposes to increase the HB 2 budget by roughly \$569,000, or 5.6% from the 2019 biennium to the 2021 biennium.

Biennial budget changes are primarily due to the executive's recommendation for:

- Statewide present law increases for personal services of approximately \$956,000
- A decrease of \$200,000 in state special revenue due to changes with the land plan and historical trends with Montana Land Information Advisory Council (MLIAC) funds
- A reduction in federal authority by \$350,000 related to Library Services and Technology Act grants
- A reduction of 1.00 FTE for a personal services savings of approximately \$114,000

In addition, HB 648 from the 2017 Legislative Session provided for an increase in the allocation from the coal severance tax for basic library services. For FY 2020 the allocation is 0.9% and for FY 2021 the allocation is 0.93%. The total increase for the biennium is approximately \$122,000.

Comparison of FY 2019 Legislative Budget to FY 2019 Base

Figure 1 illustrates the beginning FY 2019 budget as adopted by the 2017 Legislature compared to the finalized 2019 Base Budget, which includes modifications done by the executive (as authorized in statute) during the interim. The 2019 Base Budget was agreed upon by the executive and legislative branches to be the point from which any changes would be recorded for the 2021 biennium budgeting process.

Figure 1

FY 2019 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	1,862,069	(26,414)	1,835,655	-1.4%
62000 Operating Expenses	1,682,464	40,111	1,722,575	2.4%
63000 Equipment & Intangible Assets	13,697	(13,697)	-	-100.0%
66000 Grants	1,604,678	-	1,604,678	0.0%
Program Total	5,162,908	-	5,162,908	0.0%
Grand Total	5,162,908	-	5,162,908	0.0%

The legislative budget for the library has remained unchanged since special session. One executive modification occurred to align Library Services and Technology Act (LSTA) grant funds which moved personal services and equipment & intangible assets to operating expenses.

5.0% Plans

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5.0%. A summary of the entire 2021 biennium 5.0% plan submitted for this agency is in the Budget Analysis Appendix.

The Montana State Library submitted a 5.0% plan which would reduce general fund by \$103,857 and state special revenue by \$31,299. The plan includes:

- Elimination of FTE accounting for approximately \$57,000 of general fund. The FTE associated with the plan are currently vacant positions that had been assigned to the public reading room which is currently closed
- Reducing the State Resource Sharing budget by \$32,792 from general fund and the remainder from state special revenue. A reduction to this program would shift the cost burden to the local governments and potentially eliminate services at the local libraries
- A reduction of \$13,906 general fund from the Digital Library Program. This would decrease the amount of on-going digitization of state print publications and delay access to these publications

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 four categories, as follows:

1. Formula Based

Formula based changes are calculated independent of agency choices, such as: annualize personal services costs including FY 2019 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.

A detailed illustration of this methodology is included in the Budget Analysis Appendix.

2. *Personal Services Management Decisions*

Any agency management decisions that adjusted employee pay or transferred personal services authority between programs. 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 and funding between programs.

3. *Proposed Reinstatement of Personal Services Base Budget Reductions*

Most agencies requested reinstatement of personal services budget reductions taken last session. The single largest reinstatement is due to the lower vacancy savings rate requested by the executive. The FY 2019 personal services base included approximately 6.0% vacancy savings reduction as part of the funding adopted in HB 2. Generally, the executive requested a 2.0% vacancy savings reduction for 2021 biennium.

Agencies funded with general fund may have additional personal services reductions such as those reduced from the triggers in SB 261 from last session.

In some instances, the lower personal services budgets caused agencies to make management decisions that lowered the ongoing cost of personal services. When this occurred, the LFD reflected the lower reinstatement requested rather than the total of all personal services reductions made by the previous legislature.

4. *Budget Modifications*

This category includes modifications to the FY 2019 personal services budget such as transfer of personal services authority to operating expenses that occurred during the interim. These transfers may impact the overall size of the personal services present law adjustment (DP 1).

The Figure shows the analysis of the proposed changes.

Figure 2

Personal Services Present Law DP 1 - FY 2020					
Program	Formula Based	Management Decisions	Proposed Reinstatement of PS	Budget Modifications	DP1 SWPL
01 STATEWIDE LIBRARY RESOURCES	2,851	0	450,397	26,414	479,662
Agency Total	\$2,851	\$0	\$450,397	\$26,414	\$479,662

Personal services are \$1.8 million, or 35.6% of total FY 2019 appropriations. The executive proposes an increase of approximately \$480,000 in FY 2020 and \$477,000 FY 2021. In addition to the formula based changes, the proposed reinstatement of personal services base budget reductions and budget modifications are primarily contributing to the statewide present law adjustment for personal services.

In some instances, the lower personal services budgets caused agencies to make management decisions that lowered the ongoing cost of personal services. When this occurred, the LFD reflected the lower reinstatement requested rather than the total of all personal services reductions made by the previous legislature. The Montana State Library personal services calculation includes the following changes which impact the total statewide present law adjustment for the agency:

- A portion of the wage changes is due to reclassification of positions and supervisory adjustments
- Modifications to personal services base includes an operating plan change to align LSTA grant funds

**LFD
COMMENT**

The executive has proposed further adjustments to personal services in the Montana State Library with the elimination of 1.00 FTE. In order to make SB 261 reductions to personal services permanent, the executive has proposed to permanently reduce FTE associated with those reductions. This would reduce personal services by approximately \$114,000.

Funding

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

Total Montana State Library Funding by Source of Authority 2021 Biennium Budget Request - Montana State Library						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	5,142,124	0	0	791,532	5,933,656	47.92 %
State Special Total	3,576,007	0	0	0	3,576,007	28.88 %
Federal Special Total	2,099,751	0	0	0	2,099,751	16.96 %
Proprietary Total	0	0	771,773	0	771,773	6.23 %
Other Total	0	0	0	0	0	0.00 %
Total All Funds	\$10,817,882	\$0	\$771,773	\$791,532	\$12,381,187	
Percent - Total All Sources	87.37 %	0.00 %	6.23 %	6.39 %		

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

General fund supports:

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

State special revenue includes:

- Coal severance tax from the basic library services account, which was previously a portion of the coal severance tax shared account, partially funds general operations, statewide technology contracts, and the library federation grants to assist local libraries in providing basic services
- Assessments from certain state agencies that use the NRIS
- Revenue from the Montana Land Information account that receives a portion of document recording fees assessed at the local level

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

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

In addition, the Montana State Library has 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 table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary section of the Budget Analysis.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget
2019 Base Budget	2,186,345	2,186,345	4,372,690	85.04 %	5,162,908	5,162,908	10,325,816	95.45 %
SWPL Adjustments	453,033	430,719	883,752	17.19 %	528,767	505,625	1,034,392	9.56 %
PL Adjustments	0	0	0	0.00 %	(47,504)	(380,504)	(428,008)	(3.96)%
New Proposals	(57,207)	(57,111)	(114,318)	(2.22)%	(57,207)	(57,111)	(114,318)	(1.06)%
Total Budget	\$2,582,171	\$2,559,953	\$5,142,124		\$5,586,964	\$5,230,918	\$10,817,882	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes from the FY 2019 base appropriation to the 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.

Present Law Adjustments	Fiscal 2020					Fiscal 2021				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	419,030	62,524	(1,892)	479,662	0.00	416,905	62,433	(2,629)	476,709
DP 2 - Fixed Costs	0.00	32,493	0	15,102	47,595	0.00	11,940	0	15,102	27,042
DP 3 - Inflation Deflation	0.00	1,510	0	0	1,510	0.00	1,874	0	0	1,874
DP 5 - Coal Severance Tax Allotment	0.00	0	52,496	0	52,496	0.00	0	69,496	0	69,496
DP 7 - MLIAC & LSTA Grant Authority Adjustment	0.00	0	(100,000)	0	(100,000)	0.00	0	(100,000)	(350,000)	(450,000)
Grand Total All Present Law Adjustments	0.00	\$453,033	\$15,020	\$13,210	\$481,263	0.00	\$430,719	\$31,929	(\$337,527)	\$125,121

***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:

- Formula based changes
- Personal services management decisions
- Reinstatement of personal services previously reduced
- Modifications made to the personal services budget in the 2019 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 5 - Coal Severance Tax Allotment -

The executive proposes an increase in the coal severance tax authority to the Montana State Library due to increased revenue projections.

DP 7 - MLIAC & LSTA Grant Authority Adjustment -

The executive requests to reduce state special revenue authority for the Montana Land Information Advisory Council to align projects and expenditures with needed authority. The executive requests to reduce federal special revenue authority to align Library Services and Technology Act grant activities with needed authority.

New Proposals

The "New Proposals" table shows new changes to spending.

New Proposals	-----Fiscal 2020-----					-----Fiscal 2021-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 9 - FTE Reductions	(1.00)	(57,207)	0	0	(57,207)	(1.00)	(57,111)	0	0	(57,111)
Total	(1.00)	(\$57,207)	\$0	\$0	(\$57,207)	(1.00)	(\$57,111)	\$0	\$0	(\$57,111)

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

DP 9 - FTE Reductions -

The executive requests to reduce 1.00 FTE to make permanent reductions as the result of SB 261 during the 2017 Legislative Session.

Other Issues -

Proprietary Program Description

The Montana Shared Catalog (MSC) is a cooperative project involving about 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 Montana Shared Catalog 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. State support is not appropriated to the proprietary fund.

The executive anticipates that operating revenues will increase 1.1%, compared to the base year, in the 2021 biennium.

Figure 4

2021 Biennium Report on Internal Service and Enterprise Funds						
Fund	Fund Name	Agency #	Agency Name	Program Name		
06021	MT Shared Catalog	51150	Montana State Library	Proprietary		
			Actual FY 18	Estimated FY 19	Proposed FY 20	Proposed FY 21
Operating Revenues						
Fees and Charges						
	Other Operating Revenues		373,253	383,000	385,000	389,500
Total Operating Revenues			373,253	383,000	385,000	389,500
Operating Expenses						
	Personal Services		130,098	149,315	154,802	154,725
	Other Operating Expense		214,269	213,770	227,736	234,510
Total Operating Expense			344,367	363,085	382,538	389,235
Operating Income (Loss)			28,886	19,915	2,462	265
Income (Loss) Before Contributions and Transfers			28,886	19,915	2,462	265
Change in Net Position			28,886	19,915	2,462	265
Beginning Net Position - July 1						
	Prior Period Adjustments		(4,546)	24,340	44,255	46,717
	Change in Net Position		28,886	19,915	2,462	265
Ending Net Position - June 30			24,340	44,255	46,717	46,982
60 days of expenses (Total Operating Expenses divided by 6)			57,395	60,514	63,756	64,873

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 meetings 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 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:

- Individual library's titles count
- Patron count
- Circulation count
- Equal share contribution