



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #531

Public Library System Aids (Public Instruction -- Administrative and Other Funding)

CURRENT LAW

Public library systems receive state aids in order to supplement public library services provided by local and county funds. In 2016-17, public library system aid totaled \$15,013,100 SEG from the universal service fund.

The state segregated universal service fund (USF) receives its funding through assessments on annual gross operating revenues from intrastate telecommunications providers. The USF currently funds universal telecommunications services programs under the Public Service Commission (PSC); the telecommunications access program under the Department of Administration (DOA); BadgerLink, Newsline for the Blind, and public library system aid under DPI; and BadgerNet under the University of Wisconsin (UW) System. Total USF appropriations are budgeted at \$43.1 million in 2016-17. The PSC modifies assessments each year to reflect appropriation levels and unappropriated assessments.

GOVERNOR

No provision.

DISCUSSION POINTS

1. Public library systems were created by the Legislature in 1971 in order to improve and extend public library services, promote resource sharing among libraries, and increase access to library materials and services by the state's residents. Serving a specific geographic region, each system provides special services and programs not offered by municipal and county libraries individually. Currently, there are 17 library systems serving all 72 counties and every state resident.

Library systems receive state aids for coordination and supplementation of services beyond what could be provided by county and local funds.

2. Library systems do not oversee the administration of local libraries, which remain autonomous in regard to local services and operations. Although not required by law to do so, all local units of government providing library services participate in a library system. Municipal funds support the costs of providing basic library services at a municipal library to residents who pay taxes for library services. A county board may provide funds to individual municipal libraries or to public library systems. County funds, which must be provided under current law, are most commonly used to provide library service or access to it for county residents not residing in a municipality that operates its own library. Counties may also provide services themselves through county libraries.

3. Because public libraries operate on a calendar year basis, final statistics for operating income and expenditures are not yet available for 2016. Table 1 shows 2015 income amounts for public library services.

TABLE 1
2015 Operating Income for Public Library Services
(\$ in Millions)

	<u>Amount</u>	<u>Percent</u>
Municipal funds	\$156.4	59.0%
County funds	60.7	22.9
State aid to public library systems	15.0	5.7
Federal grants	1.5	0.6
Contract income	2.3	0.9
Endowments, gifts, and other income	<u>29.2</u>	<u>11.0</u>
 Total	 \$265.1	 100.0%

4. State funds go directly to public library systems and are intended to fund system services that are required by statute. Such services include interlibrary loans, reference referral, continuing education, services to users with special needs, resource library services, collection development, and multi-type library cooperation. However, systems also have the authority to develop programs that meet area needs and support such programs with state aid. State aids are distributed according to a statutory formula based on the amount of state aid each system received in the prior year.

5. Prior to 2003 Act 33 (the 2003-05 biennial state budget), public library aids were fully funded with general purpose revenue (GPR). Under Act 33, a supplemental public library aid appropriation was created, funded with USF moneys. Public library systems were funded from a combination of the two appropriations through 2008-09. Under 2009 Act 28 (the 2009-11 biennial state budget), the GPR appropriation was deleted and the SEG appropriation was increased, becoming the sole funding source for state aid to library systems.

6. Table 2 shows the level of state aid for public library systems between 2007-08 and 2016-17, as well as proposed funding for 2017-19 under the bill.

TABLE 2

**State Aid to Public Library Systems, 2007-08 through 2018-19
(\$ in Millions)**

<u>Fiscal Year</u>	<u>Aid to Public Library Systems</u>	<u>Percent Change over Prior Year</u>
2007-08	\$16,138,000	4.0%
2008-09	16,783,500	4.0
2009-10	16,165,400	-3.7
2010-11	16,681,200	3.2
2011-12	15,013,100	-10.0
2012-13	15,013,100	0.0
2013-14	15,013,100	0.0
2014-15	15,013,100	0.0
2015-16	15,013,100	0.0
2016-17	15,013,100	0.0
2017-18*	15,013,100	0.0
2018-19*	15,013,100	0.0

*Proposed under AB 64/SB 30.

7. The Governor's budget proposal does not include an increase for library aids. However, in its agency budget request, DPI indicated that the current level of funding could result in public libraries choosing not to participate in a library system, which would result in reduced access to library services. In public testimony, the Committee heard requests for an additional \$1.5 million annually, which would increase state aid for public library systems to \$16,513,100 annually. The Committee may wish to consider providing this additional aid through USF funds, which would result in the increase being funded through assessments on intrastate telecommunications providers [Alternative A1]. Alternatively, the Committee could consider providing additional state aid equal to \$1.5 million annually through GPR [Alternative A2].

8. Under 1997 Act 150, DPI is required to include in its biennial budget submission a request for funding equal to 13% of the total operating expenditures from local and county sources in the calendar year immediately preceding the year in which aid would be paid, which went into effect for the 1999-2001 budget. Since 1999, state funding has not exceeded 10.1% of prior year operating expenditures from local and county sources, and typically the percentage has decreased from year to year. The Department's 2017-19 biennial budget request included a request for state aid increases for library systems of \$16,377,100 SEG in 2017-18 and \$17,004,900 SEG in 2018-19. The Committee may wish to consider deleting this requirement, given the large amount of funding that would be necessary to reach the 13% threshold. It may be preferable to allow DPI to develop a request for library aid each biennium based on the needs of the library system, the state's budget forecast, and other considerations, rather than requiring the use of a 13% threshold that generates

substantial funding amounts.

ALTERNATIVES

A. State Aid for Library Systems

1. Provide additional state funding for library systems equal to \$1,500,000 SEG annually from the universal service fund. Base level funding is equal to \$15,013,100 SEG annually. As a result of the increase state funding for library systems would represent approximately 6.8% of prior year operating expenditures from local and county sources in 2017-18, and 6.7% in 2018-19.

ALT A1	Change to	
	Base	Bill
SEG	\$3,000,000	\$3,000,000

2. Provide additional state funding for library systems equal to \$1,500,000 GPR annually.

ALT A2	Change to	
	Base	Bill
GPR	\$3,000,000	\$3,000,000

3. Take no action.

B. Biennial Budget Request

1. Delete current law requiring DPI to include in its biennial budget submission a request for public library system aid equal to 13% of the prior year operating expenditures from local and county sources.

2. Take no action.

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