

# Memo

**To:** Montana State Library Commission

**From:** Darlene Staffeldt, State Librarian

**Date:** January 11, 2010

**Re:** 5% reduction proposals

**Issue:** The Governor's Budget Office has requested proposals for an additional 5% budget reduction for the 2010/2011 biennium.

**Background:** The letter from the budget director directing state agencies to draft proposals for an additional 5% budget reduction was received late afternoon on the 8<sup>th</sup> of January; proposals must be submitted to the Governor's Office by January 29, 2010. The MSL Commission is scheduled to meet by teleconference on Wednesday, January 20, 2010. Based on the formula set by the Governor's office, the 5% reduction we must plan for amounts to \$138,958 across the entire agency. The reductions must be taken from general fund monies, stimulus monies or coal severance tax monies. These funds benefit the balance in the general fund while other funds such as the federal Library Services and Technology Act (LSTA) funds will not. Please remember as far as the Budget Office and Legislature are concerned the State Library is one program; Talking Books, NRIS, Digital Library, etc. are all just pieces of one program.

If these reduction proposals are accepted by the Governor, this will be the third request for reductions so far for the 2010/2011 biennium. We are currently required to maintain a 7% vacancy savings, which is approximately \$100,000. We will have met this reduction for 2010 by holding two positions open for most if not all year and by holding an additional two positions open for at least two months each. We will make this commitment for our 2011 budget with the same type of scenario – keeping a couple positions open all year. We will be taking a very careful look in the next couple of months at which positions to keep open as the current staffing efforts have been very difficult and may not be sustainable for 2011.

The second request for reductions came as a .5% across the board cut that we received as the legislature left town last April. This reduction, totaling approximately \$20,000, is being met by operational cuts that include a decrease in the total contract amount negotiated in June with the Montana Natural Heritage Program.

As the Managers and I reviewed the budget for this new 5% reduction proposal we recognized that we can make recommendations to get us through this biennium. However, we also realize that in order to prepare for significant cuts in the next (and perhaps future) biennium that will be required if the economy continues to worsen or remains down, we must complete the assessment necessary to cut an entire project or service from the State Library's offerings. We have started that assessment with a review of the current long range plan goals and objectives, existing statutory requirements for specific services and programs, and a review of appropriate state and Commission policies such as the reduction in force (RIF) policy.

As we searched for the appropriate recommendation to get us through this 5% reduction proposal we reviewed a number of options and a brief description of that review follows:

### **Options:**

#### **A. Take total reduction from new, one time only projects including pass-through stimulus dollars earmarked for Talking Book Library partners projects and the Coal Severance tax funded pilot project funded by 2009 legislature:**

Montana Radio Reading Program  
Montana Association for the Blind's Newslite  
Statewide Courier Pilot Project

#### **Pros:**

1. new monies,
2. new programs,
3. one time only monies so there is little or no expectation that the funding will continue in the future,
4. because projects are still in development stages, programs are less dependent on the projects at this time,
5. not currently in base budget for snapshot and thus don't have to worry about losing it out of base, and
6. less impact to the majority of the citizens of Montana

#### **Cons:**

1. important programs for moving ahead for Montana's library community,
2. highly supported by special population groups throughout Montana so pressure to maintain would come from grass roots.
3. critical resources for populations throughout Montana,
4. critical impact to some of Montana's citizens

## **B. Take total reduction from Operations and Equipment budget:**

Pros:

1. Minimize the direct impact to the citizens of Montana

Cons:

1. extremely taxing on the employees to work without adequate supplies and equipment,
2. more time consuming to provide services and products with less efficient equipment,
3. indirectly impacts Montana's citizen's because services may not be improved and/or may perform poorly as legacy services age
4. may directly impact some of Montana's citizens if necessary services fail and cannot be replaced
5. removes funding permanently from the base budget so needs to be re-established as new monies when economy improves

## **C. Take total reduction from personnel budget:**

Pros:

Cons:

1. weakens agency across the board unless time is taken for strategic planning to identify one area of the agency's projects and services to eliminate totally,
2. critical impact on staffing and particularly on individuals who will be RIFed (reduction in force),
3. will likely directly or indirectly impact citizens of Montana based on services provided by positions targeted,
4. removes funding permanently from the base budget so needs to be re-established as new monies when economy improves

## **D. Take reduction from the Interlibrary loan reimbursement monies.**

Pros:

1. Results in less direct impact to State Library services

Cons:

1. We are just in the process of an administrative rule change to allow these monies to provide more statewide impact,
2. passes budget reductions on to local governments,
3. monies currently provide critical resources for populations throughout Montana,
4. removes some funding permanently from the base budget so needs to be re-established as new monies when economy improves

## **E. Take reduction from a combination of operations and new projects.**

Pros:

1. less permanent damage to base budget,

2. buys us some time to properly assess and plan for the elimination of an entire product or service from State Library's offerings should that become necessary,
3. some are new monies,
4. because projects are still in development stages programs are less dependent on the projects at this time,
5. some monies not currently in base budget for snapshot and thus don't have to worry about losing it out of base,
6. less impact to the majority of the citizens of Montana

Cons:

1. important projects for moving ahead for Montana's library community,
2. highly supported by special population groups throughout Montana so pressure to maintain would come from grass roots,
3. critical resources for populations throughout Montana,
4. critical impact to some of Montana's citizens
5. removes some funding permanently from the base budget so needs to be re-established as new monies when economy improves

**Recommendation:**

Based on this analysis, my recommendation to you is to provide to the Governor's Budget Office with a reduction proposal based on option E; the following items meet this criteria and are provided below in more detail.

**Operational budget, base budget reductions:**

**#1 Brief description of service to be considered for elimination or reduction**

The Montana State Library (MSL) has a relatively small operations budget when compared to larger agencies. The operations budget supports the overall function of the agency and includes costs such as printing publications, postage and mailing including the costs for interlibrary loan, basic phone services and information technology (IT) infrastructure maintenance and enhancement costs. Operation costs targeted for reduction include the printing budget, postage and mailing, phone services and IT maintenance contracts and equipment purchases.

**#2 The savings that are expected are:**

Printing budget: \$9,700 annually  
 Postage and mailing: \$5,000 annually  
 Phone services: \$8,300 annually  
 IT maintenance contracts and equipment purchases: \$7,000 annually

Total operations savings for the biennium would be: \$60,000

**#3 The consequences or impacts of the proposed elimination or reduction**

Printing budget: MSL will not print our annual report, the Library Directory, Library Laws, Library Statistics, the Big Sky Newsletter and one quarter of the Talking Books Library newsletter, Bits of Gold. Instead these publications will be available online.

Postage and mailing: As a whole the agency is not mailing as much as it did in previous years. This is a result of the increase of email usage, not printing and thus mailing large print runs as described above, as well as a decrease in print interlibrary loan which has been replaced with email delivery of electronic documents.

Phone services: As a whole the agency is relying more on email and cell phones so long distance expenses are less.

For all three of the above reductions, online access and email tend to provide as good a means of access to this information or better when compared to print because the access is more immediate and widely available. However, in areas of the state with less connectivity, or for MSL patrons and partners without email, or for our low vision patrons who do not use screen readers, access and communication may be a concern.

It should also be noted that some of these cost savings directly support the Governor's 20x10 initiative.

IT maintenance contract and equipment purchases: Hardware maintenance contracts were purchased in FY08 as a stop gap measure while the Department of Administration completes their data centers. These will not need to be renewed. Additionally, new equipment was purchased in FY09 to replace outdated hardware. This equipment will be serviceable for the next four to five years

#### **#4 How the impact to constituents and staff might be mitigated:**

Much of the impact that results from reductions in spending in this category are already mitigated through the use of alternative technologies. MSL will need to continue to outreach to patrons and partners in remote regions of the state and to our low vision patrons through traditional print and telephone services if critical communications require us to do so. Additionally, as stated, MSL will continue to investigate the option to outsource appropriate hardware needs to the state data centers as they are completed and if funding allows. MSL will also carefully consider additional equipment purchases during this biennium and will only purchase hardware that is absolutely critical because existing hardware is at the end of its lifecycle.

#### **#5 Whether the service is specifically required by state and/or federal statute:**

No, however these operations directly support services that are mandated.

## **Stimulus/one time only monies for expansion of Talking Book Library partner projects:**

### **#1 Brief description of service to be considered for elimination or reduction**

The 2009 Legislature provided the Montana State Library (MSL) with stimulus monies to help the Talking Book Library partners – Montana Radio Reading Service and the Montana Association for the Blind to expand their offerings of the radio reading services and newline services. This reduction would significantly reduce the expansion of these two services.

### **#2 The savings that are expected are:**

Montana Radio Reading Service: \$14,000

Montana Association for the Blind Newline: \$64,958

Total operations savings for the biennium would be: \$78,958

### **#3 The consequences or impacts of the proposed elimination or reduction**

Both the Montana Radio Reading Service and the Montana Association for the Blind Newline service would be forced to concentrate on a basic or slightly expanded core of services. Plans to purchase equipment and additional content that would enhance the user experience would be reduced or eliminated. Marketing of services and recruitment of new patrons would be limited.

### **#4 How the impact to constituents and staff might be mitigated:**

Much of the impact that results from reductions in spending in this category are already mitigated by the fact that some expansion is still possible with the new monies. The cuts proposed to these projects in the main target new equipment and content while ensuring that staff and content subscriptions vital to the provision of services are maintained at reasonable levels. The continued growth of access to alternative news content sources in digital Web-based formats can be expected to mitigate the impact of reduced support of these projects to some degree, but not for many users who require the ease of use and staff support offered by Montana Radio Reading Service and Montana Association for the Blind Newline service.

### **#5 Whether the service is specifically required by state and/or federal statute:**

No, however these operations directly support services that are mandated.