

# Memo

**To:** Montana State Library Commission

**From:** Jennie Stapp, State Librarian

**Date:** May 18, 2016

**Re: Coal Severance Tax budget reduction recommendations**

On May 16 the staff from the Governor's Office of Budget and Program Planning met with staff from the three agencies that benefit from the Coal Severance Tax (CST) Shared Account, the Department of Natural Resources and Conservation, the Department of Agriculture, and the State Library, to inform us of the need to further reduce our CST expenditures this biennium. The Commission will recall that in January, MSL was told to reduce our biennium spending by \$46,000 based on then anticipated revenue reductions. This amount was reflected in the FY 17 Statewide Library Resources (SLR) budget the Commission approved in April and also assumed a reduction in the amount of funding spent on the State Publications digitization projects which is winding down. On May 16 we were told that cash flow in the Shared Account is down by more than \$1M from those January estimates. Our portion of this decline is \$166,000 this biennium. In total our \$943,458 biennial CST appropriation has now been reduced by \$212,591. The cut represents a 45% reduction to our FY 17 appropriation and a 23% reduction to the total biennial appropriation.

Given the significance of this reduction, staff believes Commission action to approve a budget reduction is warranted ahead of further discussions with the Network Advisory Council. Though no one anticipated a budget reduction of this magnitude, the previously approved FY 17 SLR budget built in some additional flexibility between funding sources to increase the options available to us as we consider how to absorb this reduction. To that end staff proposes that we make the follow reductions to our FY 16 and FY 17 CST budget:

**Additional Cut to be made  
as of May 16 (166,189)**

<b>FY 16 Budget</b>	<b>Original Budget</b>	<b>1<sup>st</sup> Round reduction</b>	<b>2<sup>nd</sup> Round reduction</b>	<b>FY 16 Budget</b>	<b>Balance</b>
Org 1009 <b>DL User Services</b> (EBSCO Databases)	11,684		(11,684)	0	0
<b>Remaining FY 17 reduction</b>	<b>166,189</b> <b>(11,684)</b> <b>154,505</b>				

<b>FY 17 Budget</b>	<b>Original Budget</b>	<b>1<sup>st</sup> Round reduction</b>	<b>2<sup>nd</sup> Round reduction</b>	<b>FY 17 Budget</b>	<b>Balance</b>
Org 1009 <b>DL User Services</b> (EBSCO Databases)	11,684		(11,684)	0	0
Org 1010 <b>DL State Publications</b> (Internet Archive, Fed ex)	41,500	(20,000)		21,500	21,500
Org 21 <b>Western Council Dues</b>	3,000		0	3,000	3,000
<b>Federations</b>	176,122		0	176,122	176,122
<b>**Statewide Library Resources Funding</b>	237,905	(26,402)	(142,821)	68,682	68,682
	470,211	(46,402)	(154,505)	269,304	269,304

**\*\* New Allocation of SLR CST  
funding**

MSC New Libraries	10,443
OCLC Group Services	46,971
Statewide Training	0
MT Memory Project	11,268
E-Content	0
Lifelong Learning programming	0
	<u>68,682</u>