

Memo

To: Commission Members

From: Darlene Staffeldt, State Librarian

Date: May 27, 2009

Re: **Budget reductions for 2010/2011**

Yesterday MSL's Kris Schmitz received the budget turn around documents from the budget office and has not yet been able to complete the budget presentation. We received additional "guidance" from the Governor's office just last week regarding its recommendations for managing budget shortfalls. Armed with this new information I am sharing the following with you which outlines how we feel we can handle the shortfall at least until your meeting in August, where we will have more budget details to discuss.

The issue is, of course, that we are facing an approximate \$120,000 shortfall in our personnel and operations budget for each year of the biennium. This came about due to the 7% vacancy savings request of all agency budgets and the 2% across-the-board cut for all general funds in all agencies. The 2% across-the-board was reduced to approximately .5% for the State Library and a few other agencies when the final budget bill was passed.

Timeline for budget shortfall decisions:

June 3 Commission meeting: present a three-prong reduction strategy to address approximately half of the necessary shortfall.

August 5 Commission meeting: update reduction strategy with recommendations to deal with at least another quarter of the shortfall.

December/February Commission meeting(s): conduct a mid year assessment to see if additional reductions will be necessary.

This timeline allows the agency and you as the Commission the flexibility to manage this shortfall as new opportunities develop throughout the year.

At this time we are proposing the following strategy to help us meet our budget shortfall:

(1) A proposed hiring freeze for any general fund positions that come vacant. (Federally-funded [LSTA] and Montana Shared Catalog membership-funded positions would be excluded from this freeze because they would not contribute any general fund savings.)

The State Publications Librarian position is a general funded position and is currently open due to a resignation. It is my intention to hold the State Publications Librarian position open for an extended period of time to generate some vacancy savings. (Depending on how long we keep this position open, it could generate as much as \$46,000 savings if held for the entire year.)

Holding the State Publications Librarian position open will result in a less progressive state publications program at this time. This includes the following:

- No aggressive outreach/marketing for the program to both state agencies and depository libraries;
- No aggressive program to seek out older and/or non electronic publications from state agency for the digital collection;
- No new development of Archive Montana, our program to capture state agency websites;
- Reliance on existing staff in the Digital Library to take on some additional workload to maintain a basic state publications program;
- Reduced support to both state agencies and depository libraries involved in the state publications program;
- Reliance on existing staff to continue to manage our project to digitize the existing state publications in the state library collection; and
- Reliance on existing staff to continue to capture current electronic publications from state agency websites.

(2) We are purchasing some new servers and equipment this year with end-of-year monies in anticipation of the fact that we will not have this opportunity over the next two years. Kris Schmitz and Jennie Stapp have identified some ongoing maintenance contracts that will not be necessary for the next couple of years and those will generate some savings as well as a slight reduction in the equipment budget. (Approximately \$20,000 or \$10,000 per year)

(3) We will be negotiating a new contract with the University of Montana for the Natural Heritage Program (NHP) contract and will be asking the NHP to accept a reduction in their general fund request for their programs and services (approximately 2.5% or \$22,000 or \$11,000 per year). These cuts would impact the direct expenditures of NHP, the results of which will be reflected in an updated Scope of Work.

Please let me know if you have any questions as we move forward with these reductions. Thank you.