

Montana State Library FY 18 Budget Reduction Planning



May 31, 2017

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2017 Budgetary legislation review

- House Bill 2, the State budget bill:
 - Is effective July 1, 2017 for fiscal year 2018
 - Includes a 5% operations reduction based on the reduction proposed in the Governor's budget for all agencies
 - Includes a 4% vacancy savings proposed in the Governor's budget for all agencies subject to vacancy savings
 - Includes an additional 2% vacancy savings approved by the Legislature bringing total vacancy savings to 6%
 - Is *not* subject to revenue triggers
 - The total budget reduction from House Bill 2 is approximately \$309,178

2017 Budgetary legislation review

- Senate Bill 261, a budgetary companion bill:
 - *Is* subject to revenue triggers
 - The Governor's Budget Office will report the status of the triggers on August 15
 - Includes additional reductions of \$681,513 in General Fund monies
 - This amount is 50% of the General Fund appropriation for the Digital Library in FY 17
 - Although the basis for the cuts are the Digital Library appropriation, we can determine where to take the cuts from across the MSL budget
 - The cuts are *in addition* to the House Bill 2 reductions
 - (Also includes triggers for the public library state aid bill)
- MSL must plan to reduce expenditures by at least \$990,691

General Fund by Budget Category

FY 18	General Fund	
Total HB 2 GF	2,893,913	
Personal Services	1,655,549	57%
Operations	83,805	3%
Heritage Contract	168,092	6%
ITSD/Rent	700,092	24%
Audit	22,642	1%
Other fixed Cost	65,962	2%
Resource Sharing	197,771	7%
	2,893,913	100%

Two tiered strategy to address reductions

- Commission's direction to staff
 - Focus on our statutory mission
 - Ensure that what we will continue to do, we will do well
 - Continue to serve those who are most vulnerable
 - Position MSL to rebuild in the future

Two tiered strategy to address reductions

- House Bill 2 cuts
 - Merge the Talking Book Library under the Digital Library
 - Close the lower level reading room and move public access upstairs
 - Maintain space for meetings and trainings
 - Lose staff

HB 2 Budget reductions

HB 2 - Cuts	GF	Cut Needed
Digital Library-		
2 staff	(115,725)	
Rent	<u>(100,000)</u>	
		(215,725)
 TBL Restructure		
2 staff	(118,919)	
		<u>(118,919)</u>
 Total reduction		
		(334,644)
		(309,178)

Two tiered strategy to address reductions

- Senate Bill 261 cuts
 - Reduce the Heritage Program contract by 25%
 - Reduce the amount of Resource Sharing monies by 50% and backfill with Coal Severance Tax monies
- Lose staff

SB 261 Budget reductions

SB 261	GF	MLIAC	Cut Needed
Digital Library			
4 Staff*	(221,439)	(91,884)	
Heritage Contract	<u>(115,404)</u>		
			(336,843)
Statewide Library Resources			
Resource Sharing	<u>(98,886)</u>		
			(98,886)
Admin/IT			
4 staff*	<u>(235,178)</u>		
			<u>(235,178)</u>
Total reductions			(670,907)
Total HB2 and SB261			(990,691)

* Includes vacant positions

Budget reduction timeline

- **May 31:** Budget reductions plans are shared with MSL staff
- **June 6:** Commission holds a public comment hearing on plans
- **June 14:** Commission meets and will take action to approve plans
- **July 1:** Start of 2018 fiscal year
- **Aug. 15:** Budget office reports status of revenue triggers
- **Aug. 16:** Commission meets and adopts a FY 18 starting budget
- **TBD:** Reading room will close as soon as possible after July 1

Planning for the future

- As we implement this plans we will also be planning for the future.
- We will evaluate our services and fiscal needs for the 2019 budget process using good data and measures of public value
- Communicate the impact of the reductions to stakeholders
- We will look to the Governor's Office for guidance on the budget setting process
- We will continue to plan for a Montana Libraries endowment