

Memo

To: Jennie Stapp, State Librarian **To:** Montana State Library Commission

From: Tracy Cook, Director
Statewide Library Resources **From:** Jennie Stapp, State Librarian

Date: April 9, 2018

Re: Recommendations for Fiscal Year '17 Library Services Technology Act (LSTA) vacancy savings

We have unallocated LSTA funding available due to vacancy savings. The amount is more than normal. The budget you have been presented is an estimate. We have a few things like the intern request, temporary help for the Talking Book Library, and the re-classification of the Information Specialist position that may change how much unallocated funding we have available. The spreadsheet gives you an idea of the amount of funding we might have available. This is funding that is unlikely to be available next year, so it should not be used to start new projects.

At the Commission's June 14, 2017 meeting, we requested \$124,306 of the Coal Severance Tax (CST) appropriation be awarded as one time only money for public libraries. It was to be given through the federations. Its purpose was to make up for the loss of state aid per capita for public libraries. It represented less than half of the amount that libraries received from state aid, but was designed to help them in a small way.

At the time, we did not have experience with having our own CST account. We did not know what to expect and how much revenue would be deposited into the account throughout the year. We now have that knowledge. Based on our experience, it appears that we will not receive enough cash to pay the \$124,306 to the public libraries before the end of the fiscal year. In addition, we have discovered the challenges of managing the cash to pay our other CST obligations which include OCLC, the Montana Shared Catalog, Federations, and funding for digitization.

My proposal is that we apply the unallocated LSTA funds to reduce the OCLC bill for public libraries. This is a recommendation. I would like to discuss this with public

library directors to see if this idea will even work for them. I would like to benefit all types of libraries, but our original intent with the \$124,306 was to assist public libraries by giving them some funding to make up for the loss of state aid. Applying the full amount to public libraries can give them a discount of 69% - 87% depending upon the amount of funding we are able to apply to the contract.

Optionally, we could apply this unallocated funding to the entire contract to benefit all types of libraries. While I would very much like to do something that benefits all types of libraries, I think this would fail to honor the intent of the vote that occurred in June 2017. Applying the dollar amount to the entire contract, reduces the discounts to 27% - 34% for all libraries.

I chose a few libraries from the list to show how the different scenarios would affect them. I'm going to show this using the \$90,000 as the amount we can apply. Please refer to OCLC budget scenarios spreadsheet for a comparison of the different dollar amounts that we might be able to apply.

Definitions

OTO Award is the one time only federation award we wanted to give to the public libraries. It represents actual cash the library could receive that had to be spent using the federation plan of service as a guide.

OCLC Public Only shows what their OCLC bill will be as well as their cost savings from their bill with no funding applied (listed in parentheses)

OCLC All shows what the public library's bill will be when the unallocated funding is put towards the entire contract along with their cost savings (listed in parentheses)

Library	OTO Award	OCLC – Public Only	OCLC - All
Belt Public Library	\$1290	\$55 (savings \$195)	\$175 (savings \$75)
Miles City Public Library	\$1296	\$302 (savings \$1072)	\$962 (savings \$412)
Missoula Public Library	\$2106	\$3,674 (savings \$13,026)	\$11690 (savings \$5,098)

This gives you a sense of the different options. In an ideal world, we would be able to award the public libraries their one time only funds. We can wait and see what the funding looks like. That is an option. Based on our experience we are unlikely to have the full amount but we could award what we have.

To summarize, we have three options:

1. Apply the unallocated funds to the public libraries' portion of the OCLC contract which gives them a significant discount on next year's bill. This is my preferred

option as it more closely aligns with the intent to help public libraries. It helps them plan accordingly, and it helps with cash flow. It also significantly reduces their OCLC bill. It does not benefit all libraries. Any remaining FY '18 CST monies would be saved to help cash flow.

2. Apply the unallocated funds to the entire OCLC contract which benefits all types of libraries. This is a nice gesture as all libraries are struggling, but it gives very little to the smallest public libraries. It also does not honor the intent of the original CST vote. Any remaining FY '18 CST monies would be saved to help cash flow.
3. Apply the unallocated funds in more traditional ways including paying for the State Library's first three months of OCLC, Overdrive, SirsiDynix, and perhaps purchasing replacement equipment. This option keeps with tradition for how remaining LSTA funds have been spent. It does not significantly reduce any library's OCLC bill but it would help with cash flow since less FY'19 CST money would be required to pay OCLC. If the Commission selects this option we would wait and see how much money is deposited in the Coal Severance Tax account as of June 1 and award public libraries what we can. We may not be able to award the full amount, but this option most closely honors the original decision. It might not be much funding, doesn't give the libraries much time to spend it.

Based on Commission discussion and input from librarians, the Commission will be asked to take action to select one of these options at a special May meeting.