

Memo

To: Montana State Library Commission

From: Jennie Stapp, State Librarian

Date: May 3, 2018

Re: FY '18 One Time Only Grants to Public Libraries

At the Commission's June 14, 2017 meeting, the Commission adopted a Library Development budget that allocated \$124,306 of the FY '18 Coal Severance Tax (CST) appropriation to be spent 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 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 the Commission adopted this budget, we did not have experience administering our own CST account which was created following the 2017 Legislative Session. 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 may not receive enough cash to pay the \$124,306 to the public libraries before the end of the fiscal year. The current balance is \$54,000. Nor would libraries receive payment in time for them to spend it before June 30.

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, funding for digitization and online databases. Approximately \$276,000 of our \$468,000 appropriation is budgeted to be spent in the first quarter of the fiscal year. As we discovered this year, unless there is a balance in the CST account at the start of the fiscal year, it is very difficult for us to pay these obligations on time.

For these reasons, staff requests that the Commission take action to un-obligate the previously budgeted funds for one time only grants to public libraries. The current estimated balance, plus any funds received before the end of the fiscal year, would be left as a cash balance to manage cash flow in the CST account in the next fiscal year.