

Montana State Library Funding: Applying public value thinking to understanding MSL's revenue future



- Services funded through revenue source.

SUBSTANTIVELY VALUABLE

REVENUE SOURCE

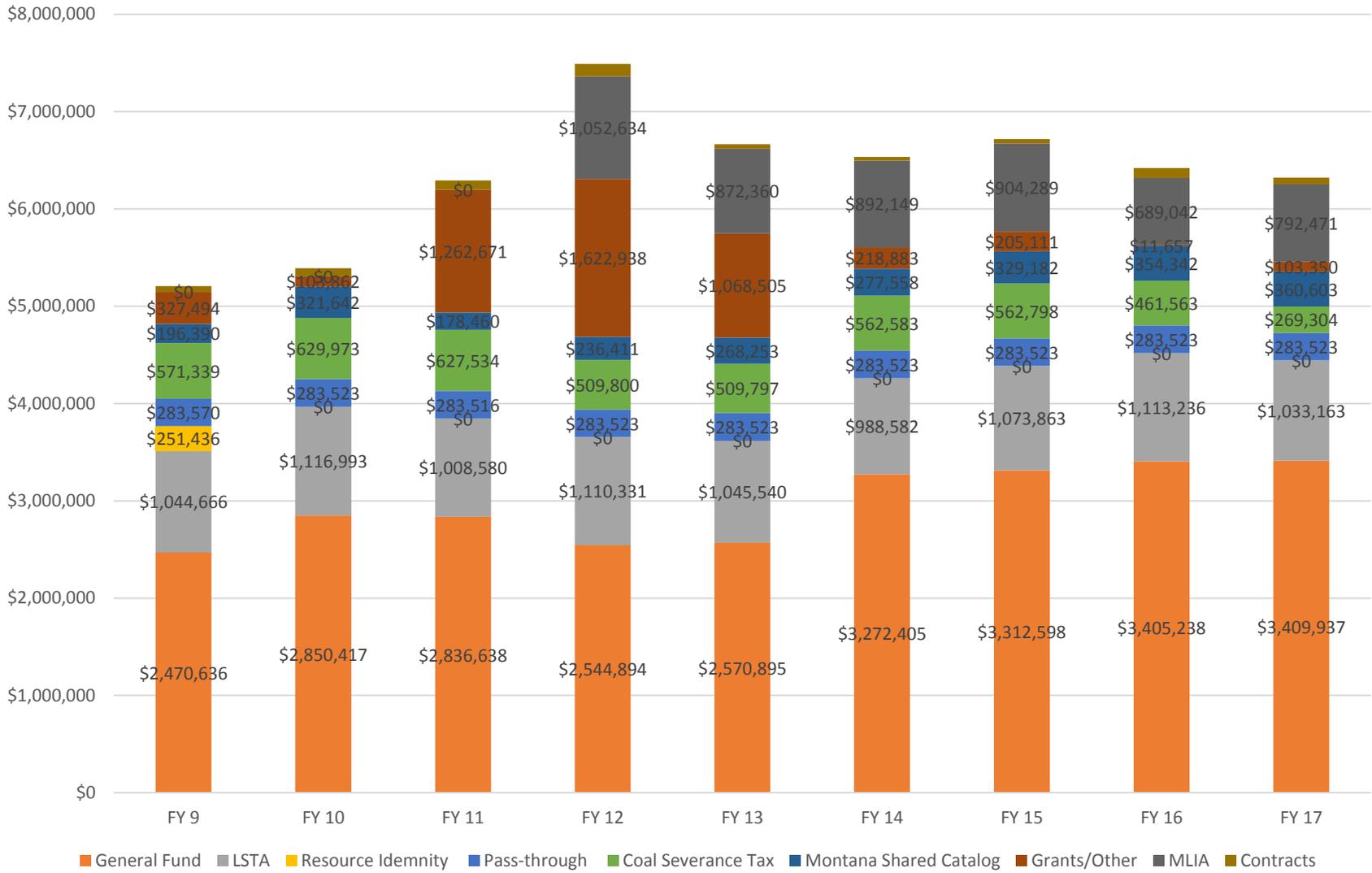
**OPERATIONAL &
ADMINISTRATIVELY
FEASIBILITY**

**LEGITIMATE &
POLITICALLY
SUSTAINABLE**

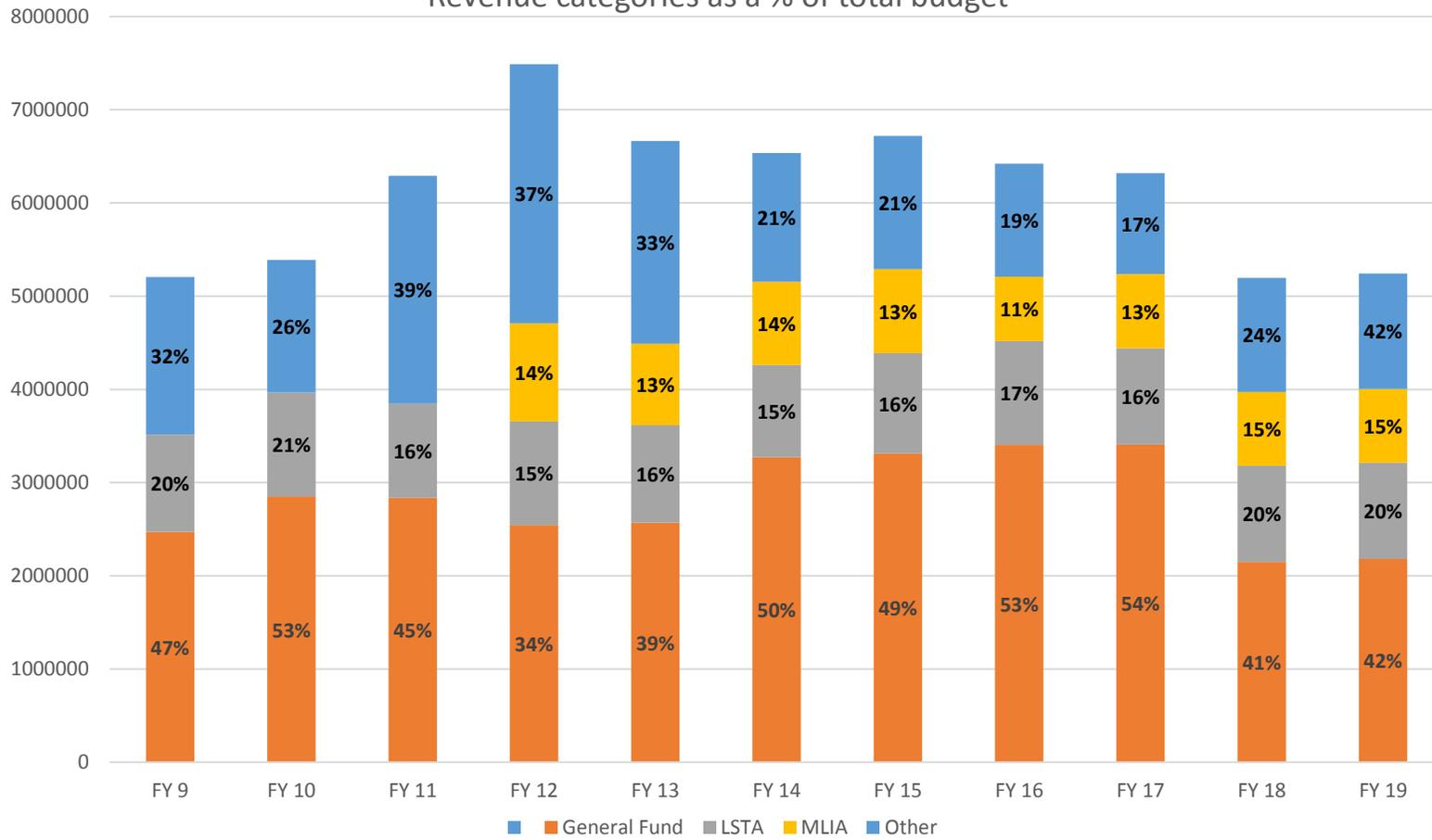
- MSL's authority to accept and expend funding and affect operations to administer funding.

- The fiscal and political environment that governs the revenue source.

MSL Revenue FY 2009-2017



MSL Revenue FY 2009-2017
 Revenue categories as a % of total budget



Revenue Source	FY 9	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17
General Fund	\$2,470,636	\$2,850,417	\$2,836,638	\$2,544,894	\$2,570,895	\$3,272,405	\$3,312,598	\$3,405,238	\$3,409,937
LSTA	\$1,044,666	\$1,116,993	\$1,008,580	\$1,110,331	\$1,045,540	\$988,582	\$1,073,863	\$1,113,236	\$1,033,163
Resource Indemnity	\$251,436	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Pass-through	\$283,570	\$283,523	\$283,516	\$283,523	\$283,523	\$283,523	\$283,523	\$283,523	\$283,523
Coal Severance Tax	\$571,339	\$629,973	\$627,534	\$509,800	\$509,797	\$562,583	\$562,798	\$461,563	\$269,304
Montana Shared									
Catalog	\$196,390	\$321,642	\$178,460	\$236,411	\$268,253	\$277,558	\$329,182	\$354,342	\$360,603
Grants/Other	\$327,494	\$103,862	\$1,262,671	\$1,622,938	\$1,068,505	\$218,883	\$205,111	\$11,657	\$103,350
MLIA	\$0	\$0	\$0	\$1,052,634	\$872,360	\$892,149	\$904,289	\$689,042	\$792,471
Contracts	\$61,162	\$84,082	\$95,591	\$128,672	\$45,938	\$39,135	\$47,502	\$101,896	\$69,388
Total	\$5,206,693	\$5,390,492	\$6,292,990	\$7,489,203	\$6,664,811	\$6,534,818	\$6,718,866	\$6,420,497	\$6,321,740

The Montana State Library's (MSL) revenue sources are a varied mix of primarily public funds. Though certain revenue items are designated for one-time-only projects and pilots, recent history and the historical analysis provided demonstrates that continued, stable funding is not assured and should never be taken for granted. As discussed, the varied funding sources are subject to economic and political factors that are largely beyond the control of the State Library. It is important, therefore, for the State Library Commission and staff to both understand how revenue drives the agency's ability to conduct its business and where they may have influence in their financial future.

MSL's budget authority is largely contained in House Bill (HB) 2 which the Legislature approves and the Governor signs. This authority includes the ability to spend state general fund, Library Services and Technology Act (LSTA) funds, coal severance tax funds, state agency "pass through" funds, and Montana Land Information Act funds. Appropriations by the Legislature in HB 2 becomes MSLs "base budget" for the next biennium. MSL requests mid-biennium budget changes to the authority granted through HB2 through budget change document (BCDs). The Governor's Office of Budget and Program Planning (OBPP) approves BCDs. Examples of changes that required BCDs include requests expend new monies, such as grants or contracts, or to change funding categories for any appropriated funds such as moving monies from Grants to Personnel. The Legislative Finance Committee reviews BCDs regularly.

In the spring of even numbered years, OBPP provides guidance to agencies about the Executive Planning Process (EPP). Through this process, MSL proposes changes to the base budget through funding requests for new programs and services. EPP guidance includes information about any limits the Governor may place on new funding requests. Requests may involve any of the funding sources appropriated through HB2 and may be for ongoing or one-time-only funding requests. These requests inform the Governor's priorities for the budget presented to the Legislature.

State Library staff prepare EPP requests for new and expanded programs and services. The leadership team prioritizes these requests and presents them to the Commission for finalization. Staff submits approved EPP requests to OBPP. The Governor releases the Governor's budget in mid-November. This budget may or may not include agency requests. As an executive branch agency, MSL advocates for those requests included in the Governor's budget.

At the beginning of each Legislative session, the Legislature adopts a starting budget from which they build HB2 to appropriate funds for the coming biennium. The starting budget may include certain "global motions" which affect agencies budgets such as additional vacancy savings requirements.

Through the legislative process, the Legislature either approves or denies requests for new proposals. Additionally, through HB 2, the Legislature may restrict appropriations to certain spending such as fixed costs for rent and information technology services. Those proposals that the Legislature approves are included in the final version of HB 2 that they send to the Governor for signature.

The Commission adopts a HB 2 budget for MSL at the beginning of each fiscal year.

Montana Environmental Policy Act (MEPA) fees

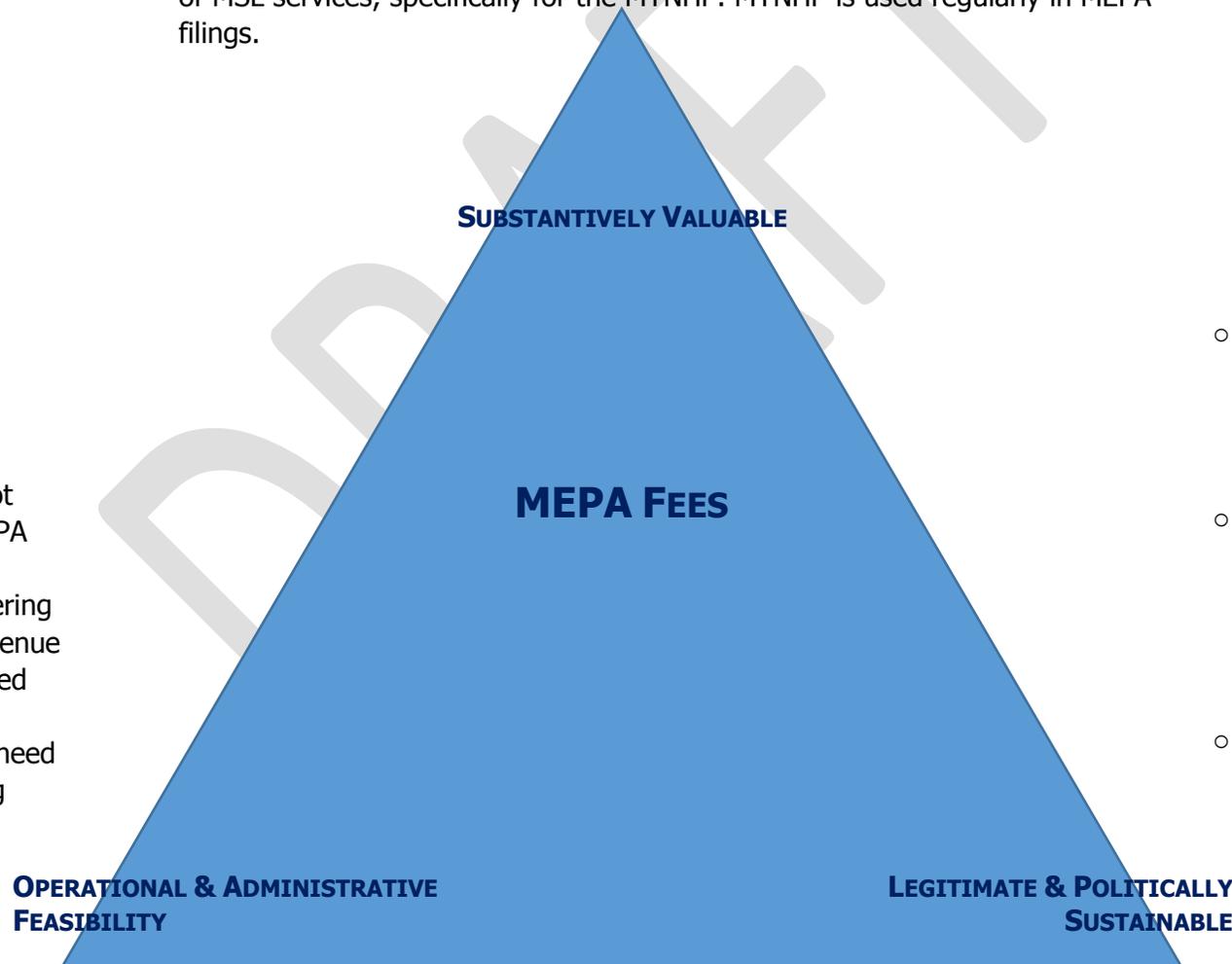
Historical Analysis not applicable

Funding mechanism

Statutory authority would need to be granted by the Legislature and the Governor to appropriate a portion of fees from MEPA filings to MSL. The Environmental Quality Council (EQC) is currently considering such legislation.

- MSL does not receive funding from MEPA fees.
- The Commission should consider how MEPA fees may impact the substantive value of MSL services, specifically for the MTNHP. MTNHP is used regularly in MEPA filings.

- Though MSL does not currently receive MEPA fees, MSL does have experience administering MLIA fees. Such revenue adds modest increased workload to Central Services so we may need to consider allocating some funding there.



- The EQC leadership is considering legislation to support this funding model.
- MSL has not yet discussed this option with stakeholder agencies including DEQ and DNRC.
- Contractors who conduct MEPA filings haven't generally spoken in favor of fees.

Bed Tax appropriation

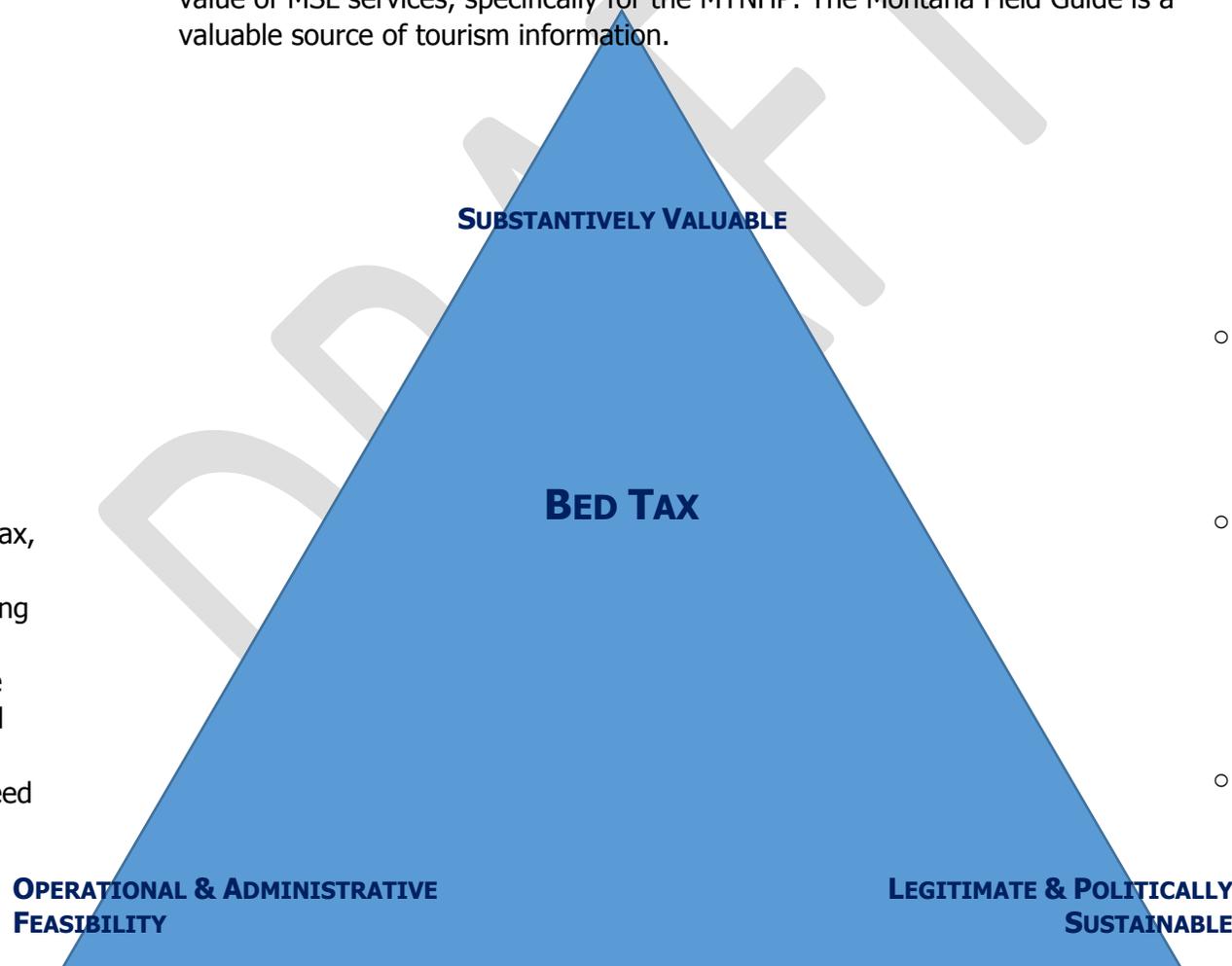
Historical Analysis not applicable

Funding mechanism

Statutory authority would need to be granted by the Legislature and the Governor to appropriate a portion of bed tax funds to the State Library. The Environmental Quality Council (EQC) is currently considering such legislation.

- MSL does not receive bed tax funding
- The Commission should consider how bed tax funds may impact the substantive value of MSL services, specifically for the MTNHP. The Montana Field Guide is a valuable source of tourism information.

- Though MSL does not currently receive bed tax, MSL does have experience administering Coal Severance Tax monies. Such revenue adds modest increased workload to Central Services so we may need to consider allocating some funding there.



- The EQC leadership is considering legislation to support this funding model.
- MSL has not yet discussed this option with stakeholder agencies including Commerce and MHS.
- Recent bills to increase the bed tax have not passed.

Fixed cost appropriation

Historical Analysis not applicable

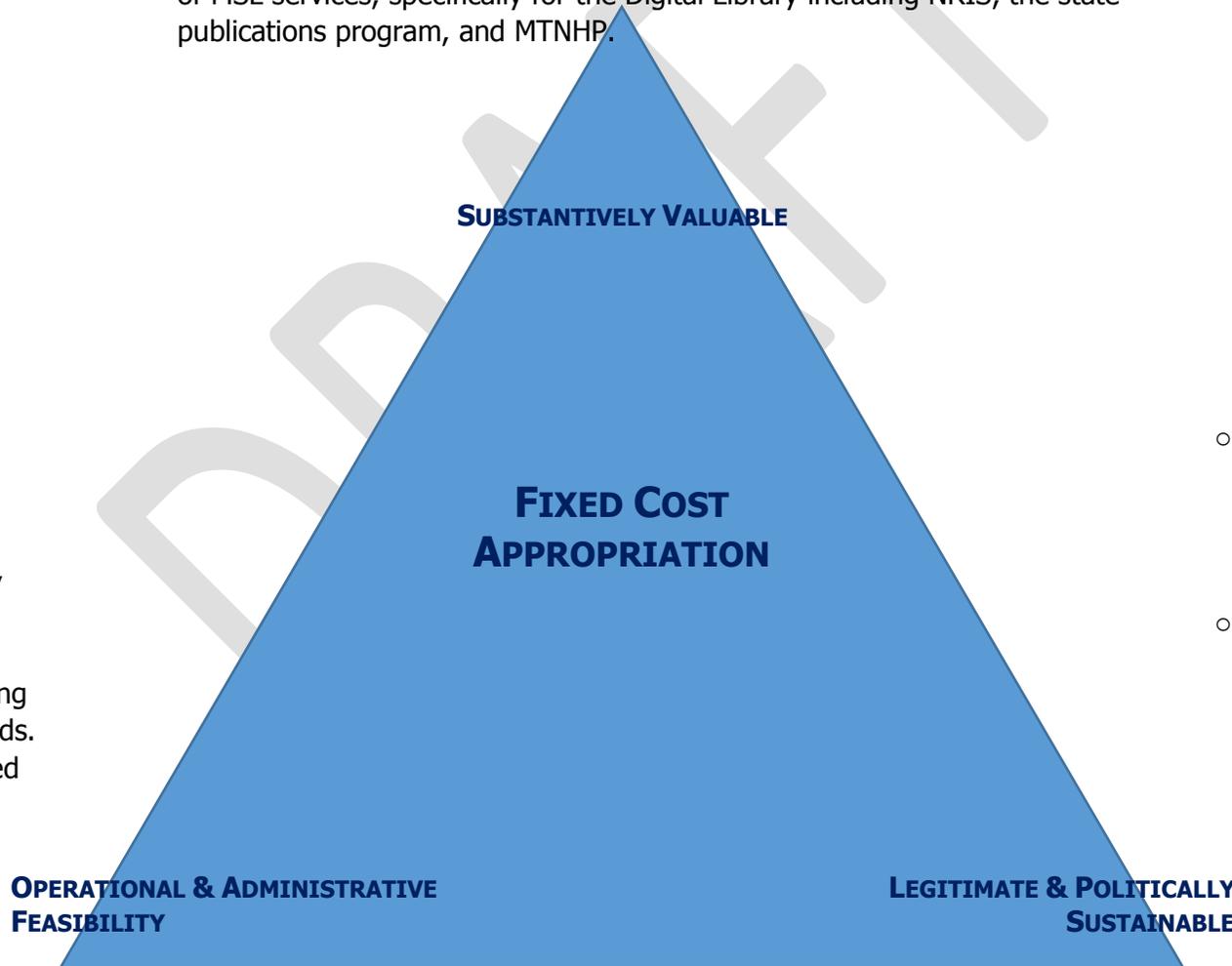
Funding mechanism

Statutory authority would need to be granted by the Legislature and the Governor to appropriate a fixed cost, funded by all agencies, to MSL.

- MSL does not receive fixed cost funding
- The Commission should consider how a fixed cost may impact the substantive value of MSL services, specifically for the Digital Library including NRIS, the state publications program, and MTNHP.

- MSL does not currently fixed costs from other agencies but we have experience administering NRIS pass through funds.
- Depending on how fixed costs are implemented they can be fairly burdensome.

- The EQC leadership is considering legislation to support this funding model.
- The NRIS Advisory Committee first broached this idea to expand the funding model currently paid by pass through agencies.



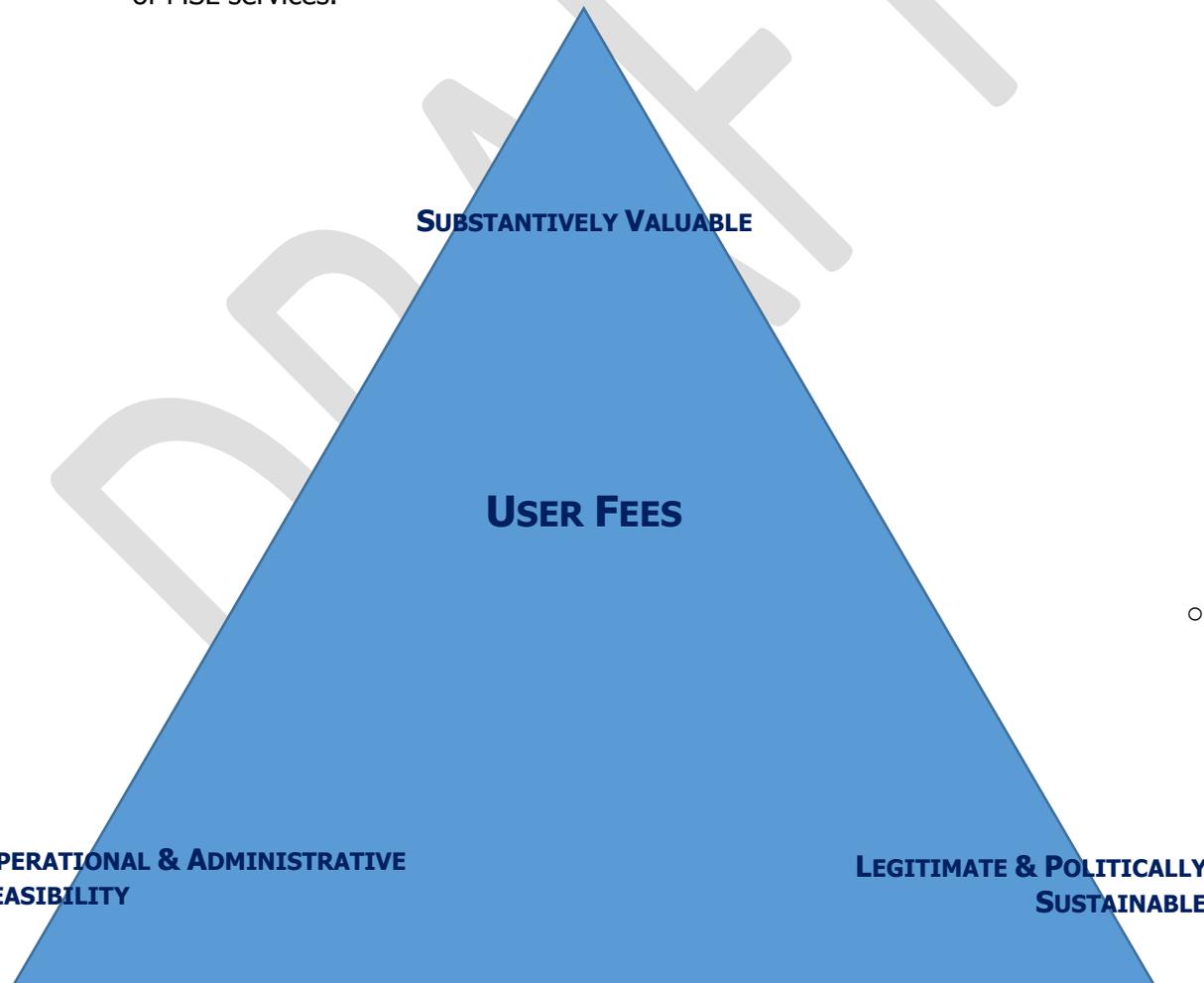
User Fees

Historical Analysis not applicable

Funding mechanism

Should the Commission decide to pursue a fee-based system of funding, MSL may need to request authority to expend fees through the EPP process. Senate Bill 261 and HB 2 as passed during special session does grant MSL authority to expend proprietary funds in the 2018-2019 biennium.

- MSL does not currently charge user fees for any services
- The Commission should consider how user fees may impact the substantive value of MSL services.



- 90-15-304, MCA grants MSL authority to establish fees to cover the costs of information requests;
- MSL currently has temporary fiscal authority to spend proprietary funds;
- MSL currently has no administrative system and is not staffed to collect fees.

- Stakeholder opinions about the use of user fees differ widely. Opinions may shift from political and/or economic pressures.