

| State Library | | | | |
|----------------------|------------------------|-------------------------------|------------------------|---------------------------------------|
| | 2011-13 Actuals | 2013-15 Leg. Approved* | 2015-17 CSL LFO | 2015-17 Governor's Recommended |
| General Fund | 2,868,303 | 3,314,923 | 1,863,415 | 3,720,335 |
| Other Funds | 5,684,714 | 5,932,223 | 3,218,775 | 6,109,428 |
| Federal Funds | 4,514,751 | 4,887,539 | 2,546,056 | 5,057,254 |
| Total Funds | 13,067,768 | 14,134,685 | 7,628,246 | 14,887,017 |
| Positions | 43 | 41 | 41 | 41 |
| FTE | 41.26 | 39.26 | 19.63 | 39.26 |

*includes Emergency Board and administrative actions through December 2014.

Program Description

The Oregon State Library’s (OSL) mission is to provide quality information services to state agencies, reading materials to blind and print-disabled individuals, and leadership, grants, and other assistance to improve local library service.

CSL Summary and Issues

The 2015-17 current service level budget for the agency \$7.6 million total funds (19.63 FTE). The CSL is \$6.5 million, or 46%, less than the 2013-15 legislatively approved budget and there are 19.63 fewer full-time equivalent positions. This is because the agency’s second year funding is included as a policy option package. In other words, the agency’s CSL is understated by \$1.7 million General Fund, \$3.1 million Other Funds, and \$2.5 million Federal Funds for a total of \$7.3 million (19.63 FTE).

OSL’s CSL budget is comprised of \$3.4 million (44%) personal services, \$2.1 million (27%) services and supplies/capital outlay, and \$2.2 million (29%) special payments primarily to local libraries.

At the CSL, OSL expects to have \$9.2 million in available Other Funds revenue to support its 2015-17 budget, including \$450,000 in donations. This includes a beginning balance of \$3.4 million and an ending balance of \$6 million; however, part of this balance would be necessary to fund the second year budgeted expenditures of \$3.1 million. This would then leave a projected ending balance of \$2.9 million, which includes \$1,984,708 of Donation and Endowment Funds.

The OSL state agency assessment is based two-thirds on the number of state agency full-time equivalents and one-third on the use of OSL by agencies during the prior biennium. The projected state agency assessment revenue for 2015-17 is \$5,349,662. The amount of the assessment is based on a 24 month period and therefore may need to be adjusted downward, if funding for policy package #080 is not approved. State agency assessment revenue has a General Fund component since some agencies use General Fund to pay their assessment.

OSL's Other Funds include donations and bequests, most of which are attributable to the Talking Book and Braille Services (TBABS) Donation Fund and the TBABS Endowment Fund. The Funds have a projected beginning balance of \$115,343 and \$1,568,388, respectively. ORS 357.015(6) gives the Library board of trustees authority to "have control of, use and administer the Donation Fund for the benefit of the State Library, except that every gift, devise or bequest for a specific purpose shall be administered according to its terms." The trustees have adopted a policy of using TBABS Donation Funds for TBABS program enhancements (not regular operating funding), however, recently interest earnings from the Endowment Fund and donations have been used for operating expenses. OSL plans to expend approximately \$201,000 TBABS donation funds on operations and enhancements, leaving a projected combined ending balance for the TBABS Donation and Endowment Funds of \$1,984,708.

OSL receives Federal Funds from the Institute of Museum and Library Services under the Library Services and Technology Act (LSTA) per a population-based formula. The budget assumes Federal Funds pursuant to this grant in the amount of \$2.5 million (\$5.1 million for the biennium). The LSTA grant requires a 34% match rate as well as maintenance of effort (MOE) based on the average of the last three years of non-federal library expenditures relevant to the priorities of LSTA. Reductions in state funding result in an identical percentage reduction in LSTA funding, although a federal waiver process does exist.

OSL has been able to meet LSTA match and MOE within its current funding.

Policy Issues

The agency request budget includes the following policy option packages totaling \$7.3 million (19.63 FTE):

1. Package 080 – Second Fiscal Year Funding (\$1.7 million General Fund; \$3.1 million Other Funds; \$2.5 million Federal Funds; and 19.63 FTE).
2. Package 100 – Sustaining Talking Book Service Level – fund shifts one State Librarian Specialist from Other Funds (donations) to General Fund (\$49,078 General Fund and <\$64,399> Other Funds).
3. Package 101 – Operational Realignment – Moves three information technology positions and associated services and supplies between divisions (<\$41,364> Other Funds and <\$4,599> Federal Funds).
4. Package 102 - Reading for Success - Expands the Ready-to-Read program to include 15 to 17 year old population and increase current minimum grant from \$1,000 to \$1,200 per fiscal year (\$139,759 General Fund). ***NOTE: The Legislature in 2013***

added \$196,979 General Fund for the Ready to Read program. Originally, OSL sought the expansion of the program to include Oregon's 15-17 year old population, but that was denied by the Legislature. Instead, the additional funding is only to be used to fund the existing summer reading programs for ages up to 14 years old. This direction may be reconsidered during the Legislative session in 2014, if the agency is able to provide a specific plan for how it can serve effectively the 15-17 year old population and if it is able to development of such a plan with the Oregon Education Investment Board and other related administrative programs charged with implementing the Governor's Oregon Early Reading Program Initiative (HB 3232). OSL did not return to the Legislature with a specific plan. Subsequently, HB 2479 (2015) is being requested by the Governor and the agency.

Other Significant Issues and Background

The Legislature in 2013, approved a budget note directing the State Library and the Department of Administrative Services (DAS) to submit a detailed strategic business plan for the reorganization of the State Library to the Legislature during the 2014 session. The Legislature also appropriated \$1.7 million General Fund to the Emergency Board for the agency's second year of funding with its release contingent on a successful reorganization, in the form of a strategic business plan, being submitted and approved by the Legislature in 2014. A detailed strategic business plan was not able to be finalized for the legislative session in 2014. The Legislature deferred to the Emergency Board the decision to fund the agency's second year of operations. The Emergency Board in May of 2014 approved second year funding for the agency to ensure continuity of operations, but without a plan.

OSL has taken actions to reorganize, but only recently completed a strategic plan. The agency has hired a private consulting firm ("Corragio Group") to help the State Library's Board of Trustees develop the strategic plan. Previously, in 2013, the Department of Administrative Services and the agency had worked with a private organizational firm ("MassIngenuity"), but this effort was left incomplete.

The policy issue facing the agency continues to be its reorganize.

Co-Chairs' Budget Framework Discussion

The Co-Chairs' budget framework includes \$1.7 million General Fund for funding for the second year of the agency (i.e., Policy Package 080) and a General Fund reduction of \$110,897.