

Minnesota Library Funding
Talking Points
June 10, 2009

The statutory changes made to library funding language in the 2009 Session followed the recommendations made by the Minnesota Library Funding Committee. That Committee made its recommendations based on concerns expressed by city and county officials as well as librarians. The explanations of the changes listed below include reference to those recommendations.

1. Subdivision 1 – Minimum level of support

A. Change: .82% of adjusted net tax capacity (ANTC) will now be averaged over the second, third and fourth preceding year.

Explanation: This change lessens the impact of swings in tax capacities of cities and counties. In the years when tax capacity is going up, library funding will not go up as rapidly as before. In the years when tax capacity is going down, library funding will not go down as rapidly as before. This is a neutral change in that it will be seen as positive or negative depending on which entity you represent and which way the tax capacity is headed.

Issue presented to Committee: Double digit increases or decreases in ANTC in several subsequent years are difficult to handle, especially for those counties who are funding at the minimum level of support calculated on .82% of ANTC.

2. Subdivision 4. – Maintenance of Effort

A. Change: Maintenance of effort amounts are now based on the lesser of the second or third preceding year.

Explanation: Cities and counties have been known to make one-time or single project donations to libraries (for summer reading prizes etc.) but sometimes hesitate to do so because the funds become subject to maintenance of effort two years later. This accommodates one-time donations by allowing funding bodies to choose the lesser of two years.

Issue presented to Committee: There are times when funding bodies would like to contribute more to libraries or library systems but cannot for “fear of being caught in MOE.”

B. Change: Cities and counties can reduce library funding if they are subject to unallotment after levies have been set (as occurred in December of 2008.) or if their

revenue base is cut during the budgeting process by the Legislature or Governor. (As will most likely occur in June of 2009).

Explanation: This has long been the complaint against MOE by funding bodies as well as some librarians; that maintenance of effort holds libraries harmless while other city or county departments have to make cuts. This is one of the maintenance of effort requirements to which the Association of Minnesota Counties (AMC) is opposed. Allowing for cuts to library funding in the same ratio as the cuts cities and counties are receiving to their budgets allows libraries to bear their share of the burden without being unduly targeted.

Issue presented to Committee: When Local Government Aid/County Program Aid (LGA/CPA) is cut by the state, library directors are placed in a bind because they cannot offer cuts to their departments as can other members of the local team.

Important Points

Reduction to library funds under the new language in Subdivision 4. Paragraphs b & c is meant to begin a conversation between libraries and their funding bodies concerning library funding in light of state cuts to city and county funding. Librarians requested the ability to be part of the discussion when cities and counties were determining where cuts were to be made. In seeking to build flexibility into the language, it was not the Committee's expectation that libraries be cut the maximum amount allowed automatically before the rest of the decisions about cuts are made.

Reductions to library funds are calculated according to the ratio of the aid and credit reductions to a city or county revenue base. These calculations are fairly complicated which is why the commissioner of revenue is charged with supplying them to any city or county contemplating such a reduction.

As an example, if a city received \$500,000 in LGA and was cut by \$250,000 that would be a 50% reduction in LGA. That would not, however, be the amount library funding could be cut (with an understood maximum of 10%). Rather, the calculation would have to continue to compute the reduction to the city's total revenue base. If the total revenue base was \$5,000,000, a reduction of \$250,000 would be 5%, which would be the amount library funding could be reduced.