



Informational Paper 39

Public Libraries

Wisconsin Legislative Fiscal Bureau

January, 2009

Public Libraries

Prepared by

Layla Merrifield

Wisconsin Legislative Fiscal Bureau
One East Main, Suite 301
Madison, WI 53703

Public Libraries

Public library services in Wisconsin are primarily provided by local units of government such as municipalities and counties, although the state plays a major role in ensuring coordination and resource sharing among libraries. The Department of Public Instruction (DPI), through its Division for Libraries, Technology, and Community Learning, is responsible for statewide library development, resource sharing, and administering state aid to public library systems, which are organizations that coordinate library development and resource sharing among libraries in a specific geographic region.

This paper provides information on library services, with a special emphasis on public library systems. The first section describes how library services are organized and administered. The second section discusses how public libraries are financed. The final section examines the formula used to distribute state aid to public library systems. This paper does not address libraries in elementary and secondary schools or institutions of higher education.

Organization and Administration

Municipal and County Libraries

Local governments plan for and provide library services. Currently, such services are provided by: (a) municipal libraries; (b) joint libraries, which are libraries operated by two or more municipalities or a county and one or more municipalities; (c) consolidated county libraries; or (d) county library services, which are library services provided by the county or under contract. There are currently 391

municipal and county library service organizations. County governments may contract for access to public libraries by residents who live outside the primary service jurisdiction of a public library organization. In 2007, counties extended library services to 1,527,600 people in this manner.

By statute, countywide library services can be provided on a consolidated basis, where each library in the county is a branch of a main county library. Counties organized in this manner have one countywide library board, which governs all libraries. There are currently seven consolidated county libraries, including: Adams, Brown, Door, Florence, Marathon, Marinette, and Portage Counties. By contrast, in other counties, libraries are not branches of a main county library but are independent, each with its own governing board. Although they are self-governing, libraries in other counties do coordinate borrowing and sharing of resources. County residents may borrow materials from any library in the county.

Most library services are provided by municipal libraries, which are governed by local library boards and receive funding from municipal governments. Local services may also be provided through contracts between municipal libraries and other library organizations. Where there are no municipal libraries, county governments provide library services or contract for such services.

Library Systems

Public library systems were created by the Legislature in 1971 to improve and extend public library services, promote resource sharing among libraries, and increase access to library materials and services by the state's residents. Serving a specific geographic region, each system provides

special services and programs not offered by municipal and county libraries. Library systems receive state aids for coordination and supplementation of services beyond what could be provided by local and county funds.

The first four public library systems in Wisconsin began operating in 1973. Currently, there are 17 library systems serving all 72 counties and every state resident. These systems are shown in Appendix 1. Library systems do not oversee the administration of local libraries, which remain autonomous in regard to local services and operations. Although not required to do so, all local units of government that provide library services participate in a library system.

Library systems may be organized on a single-county or multi-county basis. The territory within the system must serve a population of at least 100,000. If, due to the withdrawal or realignment of participating counties, a system has fewer than three participating counties and a population under 200,000, then the remaining system members must realign with an existing system within two years from the date of the decrease in population. Two public library systems may merge with the approval of each system board and the county boards of the participating counties. Further, no new system may be established unless it serves a population of at least 200,000, and there cannot be more than 17 systems.

Single-county consolidated systems have seven or nine board members appointed by the county board. Single-county federated systems have governing boards consisting of seven members. Members are nominated by the county executive or by the county chairperson in a county without a county executive and approved by the county board.

Multi-county systems must be federated systems, which are systems made up of multiple independent libraries that are not branches of a centralized library. A multi-county system is

considered a joint agency of all participating counties but constitutes a separate legal entity for purposes of having exclusive custody and control of all system funds, holding title to and disposing of property, constructing, enlarging and improving buildings, making contracts, and suing and being sued. Single-county systems, which may be consolidated or federated, are considered a county agency. A federated public library system located within a single county with a population of 500,000 or more constitutes a separate legal entity solely for the purposes of having custody and control of all system funds, making contracts, and providing employee benefits.

In multi-county federated systems, governing boards have 15 to 20 members. The members are nominated by the county executive in each county in the system or by the county board chairperson in each county without a county executive and approved by each county board in the system. Members are appointed in proportion to population distribution with at least one system board member from each county. The system board membership may exceed 20 if the county boards, acting jointly, decide that at least two members on the board shall represent each county in the system. All system board members serve staggered, three-year terms.

In order for counties and municipalities to participate in library systems, they must meet specific statutory requirements. Each county within a system is required to maintain its financial support for library services at a level not lower than the average of the previous three years, excluding capital costs. In addition, counties participating in federated systems must maintain a plan of library service. The plan must provide for services, including full access to libraries, to county residents living outside municipalities with library services, and provide for reimbursement of public libraries for access by residents of those municipalities.

Under 2005 Act 420, the plan may require that

municipalities operating libraries also compensate other municipalities, if their residents use public libraries in those other municipalities. The plan's compensation cannot exceed the actual costs, as defined by DPI under administrative rules.

A municipal, county or joint library may participate in a system if it: (a) is located in a county that participates in a public library system; (b) is authorized by its municipal governing body or county board to participate in the system; (c) participates in system activities; (d) employs a DPI-certified head librarian whose employment requires that he or she be present in the library for at least 10 hours of work of each week the library is open to the public; (e) is funded by the municipal or county governing body at a level not lower than the average of the previous three years, excluding capital costs; (f) beginning in 2008, annually is open to the public an average of at least 20 hours each week or, if in existence in June, 2006, is open the number of hours each week that the library was open in 2005, whichever is fewer; and (g) beginning in 2008, annually spends at least \$2,500 on library materials.

In order to facilitate state residents' access to library services, all public libraries are required to honor valid borrowers' cards from libraries in adjacent systems (with the exception of the Milwaukee County Federated Library System). However, a public library may refuse to provide services to residents of adjacent systems if the total amount of the reimbursement received by the library for the preceding year from the adjacent system, and from counties and municipalities in that system, is less than the cost incurred by the public library in providing the service. The first 500 loans are not included in the cost calculation. Should a library refuse to honor the valid cards of borrowers from an adjacent system, annual meetings between representatives of the systems involved must be held to discuss the resulting lack of services and the cost of providing such services.

In an effort to enhance the research and

reference capacity of member libraries, each system must contract with the member library with the largest annual operating budget to serve as the system resource library. The resource library must have a collection of at least 100,000 volumes, be open to the public at least 50 hours each week, and employ at least one permanent reference librarian with a master's degree in library science. If no library in the system meets these requirements, systems must enter into a supplementary contract with an academic library in the system or a resource library in an adjacent system.

Division for Libraries, Technology, and Community Learning

The statutory duties of the Division for Libraries, Technology, and Community Learning are to: (a) provide continuing education programs for librarians; (b) provide assistance to libraries in personnel recruiting; (c) provide professional and technical services; (d) prepare statistical reports on statewide library service; (e) designate a librarian to coordinate the activities of state depository libraries; (f) establish library standards; (g) certify public librarians; (h) approve the establishment of library systems; (i) provide reference and loan services to supplement those of other types of libraries in the state; (j) implement programs and policies as directed by the State Superintendent; (k) distribute state library aids; and (l) assist the Council on Library and Network Development in the preparation of Council reports. In addition, the Division must: (a) review a system if at least 30% of the libraries in participating municipalities, which include at least 30% of the population of all participating municipalities, state that the public library system did not adequately meet the needs of libraries participating in the system; and (b) prepare an advisory plan for such a library system suggesting how the system can adequately meet the needs of its participating libraries, if the Division determines that the public library system previously failed to do so. While the Division also has additional duties unrelated to library services, currently there are a total of 33.71 full-time

equivalent positions that are directly responsible for library services.

The statutory duties of the State Superintendent related to libraries are to: (a) assist development of school library services; (b) ensure public libraries serve all state citizens; (c) promote resource sharing among libraries and related agencies; (d) coordinate library services for institutional residents, the physically and mentally handicapped, the socio-economically disadvantaged, and racial and ethnic minorities; (e) act as agent of receipt for federal library grants; (f) contract for the provision of library services to the blind and physically handicapped and other specialized library materials; and (g) maintain a statewide library holdings database.

In order to fulfill several of these requirements, the Division contracts with four entities that provide specialized library services statewide. First, the Cooperative Children's Book Center, housed in the University of Wisconsin-Madison School of Education, obtains and reviews children's publications and provides an opportunity for school and public librarians to review these materials prior to purchasing them. Second, as statutorily required, the Regional Library for the Blind and Physically Handicapped, housed in the Milwaukee Public Library, provides a collection of specialized materials such as large-print and braille books. Third, the Wisconsin Library Services is a nonprofit organization that provides automated library services, primarily an on-line nationwide cataloging service, to public and school libraries. Fourth, the Division contracts with the Milwaukee Public Library to provide statewide interlibrary loan of its collection.

According to statute, the Division must also operate the State Reference and Loan Library, located in Madison, which acts as a clearinghouse for interlibrary loan requests forwarded from other libraries, locating the requested materials in libraries throughout Wisconsin or in other states. The Library also supplements the collections and resources of all types of libraries in the state by

maintaining its own collection of specialized and unique materials and providing reference assistance to patrons and librarians statewide on questions that require sophisticated research techniques and reference sources.

Financing

Table 1 shows operating income that was reported for calendar year 2007 by public libraries and library systems in the state.

Table 1: 2007 Operating Income for Public Library Services

	Amount (In Millions)	Percent
Municipal funds	\$139.8	59.1%
County funds	50.8	21.5
State aid to public library systems	15.5	6.6
Federal grants	1.6	0.7
Contract income	1.2	0.5
Endowments, gifts and other income	<u>27.6</u>	<u>11.7</u>
Total	\$236.5	100.0%

Municipal funds support the costs of providing basic library services at a municipal library to residents who pay taxes for library services. These funds are generally used for construction and maintenance of facilities, personnel, purchase of materials of all kinds, and support of circulation, reference, and other programming as determined by a locally-appointed library board.

A county board may provide funds to individual municipal libraries or to public library systems. **County funds** are most commonly used to provide library service or access to it for county residents not residing in a municipality that operates its own library. Counties often reimburse existing libraries for use by nonresidents or they may directly provide bookmobile service, books-by-mail service, or any other service as determined

by the county library board or county board.

While the statutes define a clear role for counties with respect to organizing and establishing a system, and require that counties support library services financially, prior to 1997 Act 150, the statutes did not stipulate the level of support that counties must provide to libraries (beyond the maintenance of effort provision). Prior to 1997 Act 150, in about three-fourths of the systems, member counties paid the system directly to distribute funding among the county and municipal libraries within the system. The budgets of these systems included both county and state funds. In the other systems, member counties generally chose to distribute funding directly to municipal libraries in the county or to provide services themselves through a county library. The budgets of these systems consisted primarily of state aid and did not include county funds.

1997 Act 150 created the provision that beginning in 2001, each county (except Milwaukee County) is required to make payments to each public library in the county, if the county does not maintain a consolidated public library for the county and contains residents of municipalities that do not maintain a municipal or joint library.

Under 2005 Act 420, these payments must also be made to each public library in an adjacent county (except Milwaukee County). The payments must be made by March 1 of each year, and must equal at least 70% of the amount of the cost of providing loans to those county residents, computed as follows: (a) divide the total operational expenditures of the library during the calendar year for which the loans are reported, not including capital expenditures or expenditure of federal funds, by the total number of loans made by the public library during the calendar year for which the loans are reported; and (b) multiply the result by the number of loans, in the calendar year loans are reported, made to residents of the county who are not residents of a municipality that maintains a municipal or joint library. Under 1997 Act 150, a county may voluntarily provide aid to

public libraries in excess of the amount required by statute.

By July 1 of each year, each public library lying in whole or in part in a county must report to the county clerk on the following: (a) the number of loans of material made by the library during the prior calendar year to residents of the county who are not residents of a municipality that maintains a municipal or joint library; and (b) the total number of loans of material made by the library during the previous calendar year.

State funds, which are provided with general purpose revenues (GPR) and segregated (SEG) moneys from the universal service fund, go directly to public library systems and are intended to fund system services required by statute. Such services include interlibrary loan, reference referral, consulting, continuing education, services to users with special needs, resource library services, collection development, and multi-type library cooperation. However, there is no requirement that state aid be used exclusively for statutorily required services. System boards have the authority to develop programs that meet area needs and to support these programs with state funds.

Federal grants, including the Library Services and Technology Act, are used for a variety of purposes including automation, wireless Internet access for the public, collection development, literacy services to special user groups such as senior citizens with disabilities, and special projects, such as creating digital copies of historical materials for statewide use.

Other income includes state grants other than system aids, service contracts with Milwaukee Public Library, gifts, donations, interest, fines for overdue materials, other fees, state and local carryover funds, and all other sources of income not identified above.

Library systems rely primarily on state aid and county funds. Systems also receive funding from federal grants, contract income, and other sources

such as interest earnings, gifts, grants, and endowment income. Contract monies are most often paid by other systems or the counties for providing services such as access to library services. Total library funding by library system is summarized in Table 2 for calendar year 2007. The table includes funding received by library systems as well as municipal, county, and other funding received by the underlying libraries in each system.

1. Agree to provide access by any resident of the system area to the library services of any participating library on the same terms that they are provided to the residents of the municipality or county that established the library and to provide interlibrary loans among all participating libraries;

2. Backup reference, information, and interlibrary loan services from the system-designated resource library;

3. Referral or routing of reference and interlibrary loan requests from libraries within the system to libraries within and outside the system;

4. In-service training for participating library personnel and trustees;

5. Electronic delivery of information and physical delivery of library materials to participating libraries;

State Aid to Library Systems

Service Requirements

In order to be eligible for state aid, public library systems are required to meet the following service standards:

Table 2: Library Funding by System (Calendar Year 2007)

System	Municipal	County	State Aid*	Federal Aid	Contract Income	Other Income	Total Income
Arrowhead	\$4,935,064	\$961,712	\$453,449	\$10,100	\$56,236	\$478,254	\$6,894,815
Eastern Shores	6,658,612	1,302,346	598,125	29,436	19,402	2,064,938	10,672,859
Indianhead	9,510,255	4,220,190	1,163,193	37,384	0	2,847,856	17,778,878
Kenosha County	5,301,951	1,289,385	412,170	20,705	84,861	610,305	7,719,377
Lakeshores	4,594,768	3,312,967	659,299	62,941	52,369	975,911	9,658,255
Manitowoc-Calumet	2,664,465	1,282,995	322,676	8,900	0	420,393	4,699,429
Mid-Wisconsin	6,850,736	3,013,521	779,954	98,260	359,566	1,408,950	12,510,987
Milwaukee	33,062,610	66,650	2,767,604	616,038	136,486	3,489,384	40,138,772
Nicolet	1,356,235	9,253,001	1,105,606	82,749	33,417	1,173,983	13,004,991
Northern Waters	2,843,357	1,214,348	547,012	227,848	20,537	869,983	5,723,085
Outagamie-Waupaca	6,351,338	1,827,103	628,075	15,274	666,691	684,305	10,172,786
South Central	22,776,533	8,124,663	2,126,996	181,339	1,417,672	4,421,706	39,048,909
Southwest Wisconsin	2,392,665	744,842	375,638	19,145	39,394	835,840	4,407,524
Waukesha	12,791,759	2,597,084	991,080	32,531	175,849	1,458,993	18,047,296
Winding Rivers	6,742,481	2,503,871	793,683	46,529	13,552	1,202,533	11,302,649
Winnefox	8,065,086	3,581,166	915,866	20,200	22,221	3,065,375	15,669,914
Wisconsin Valley	2,890,485	5,539,528	880,777	52,513	14,740	1,564,222	10,942,265
<i>Adjustments for payments Between systems**</i>					<u>-1,903,020</u>		<u>-1,903,020</u>
Total	\$139,788,400	\$50,835,372	\$15,521,200	\$1,561,892	\$1,209,973	\$27,572,931	\$236,489,768
Percent of Total	59.1%	21.5%	6.6%	0.7%	0.5%	11.7%	100.0%

* State aid paid in 2006-07 for calendar year 2007 operations.

** Represents funds paid by one system to another system, which are duplicative revenues.

6. Service agreements with all adjacent library systems;

7. Professional consultant services to participating public libraries;

8. Service programs designed to meet the needs of participating public libraries and the residents of the system area, as determined by the system board after consultation with participating libraries;

9. Promote and facilitate the use of library services to users with special needs;

10. Cooperation and continuous planning with other types of libraries in the system area, such as college, university, and private facilities;

11. Planning with the Division for Libraries, Technology, and Community Learning, participating public libraries, and other types of libraries in the area in regards to library technology and the sharing of resources. A written plan for library technology and the sharing of resources must be filed with the Division every five years.

In addition, if a system reimburses participating public libraries for the cost of providing interlibrary borrowing services, the reimbursement cannot exceed the actual costs to that library, as determined under DPI administrative rules.

The specific services each system provides are based on particular system-wide needs and vary between systems.

State Aid Formula

The formula that determines the amount of state aid paid to each library system was changed in 1999 Act 9. Under Act 9, aid is determined as follows: (a) determine the percentage change in the total amount appropriated for public libraries between the previous fiscal year and the current fiscal year; (b) multiply the amount of state aid received by the system in the previous fiscal year

by the sum of 1.0 and the result of (a).

The formula will change again, however, beginning in the fiscal year in which the total state aid appropriation equals at least 11.25% of the total operating expenditures for public libraries from local and county sources in the previous calendar year. Appendix 2 presents a sample aid calculation for this pending formula.

Table 3 shows the 2008-09 state aid payments (payable for calendar year 2009 operations based on the percentage change in the appropriation from 2007-08 to 2008-09) for each of the 17 public library systems.

Table 3: State Aid to Public Library Systems (Fiscal Year 2008-09)

<u>System</u>	<u>2007-08 State Aid</u>	<u>Approp. Factor*</u>	<u>2008-09 State Aid</u>
Arrowhead	\$471,469	1.04000	\$490,327
Eastern Shores	621,894		646,769
Indianhead	1,209,417		1,257,792
Kenosha County	428,548		445,689
Lakeshores	685,498		712,917
Manitowoc-Calumet	335,499	<i>(factor is the same for all systems)</i>	348,919
Mid-Wisconsin	810,948		843,385
Milwaukee	2,877,586		2,992,686
Nicolet	1,149,542		1,195,522
Northern Waters	568,750		591,499
Outagamie-Waupaca	653,034		679,155
South Central	2,211,521		2,299,979
Southwest Wisconsin	390,566		406,188
Waukesha	1,030,465		1,071,682
Winding Rivers	825,223		858,231
Winnefox	952,262		990,351
Wisconsin Valley	915,778		952,408
Total	\$16,138,000		\$16,783,500

*The appropriation factor is the sum of 1.0 and the percent change, expressed as a decimal, in the total appropriation between 2007-08 and 2008-09.

Until 1992-93, the amount appropriated for library system aids was targeted, by statute, at 13% of the total operating expenditures from local and county sources for public library services in the preceding year. However, because the actual percentage repeatedly fell below the 13% target,

the 1993-95 budget repealed the target.

However, DPI is required to include in its biennial budget submission a request for funding for library services equal to 13% of the total operating expenditures from local and county sources in the calendar year immediately preceding the calendar year for which aid would be paid. The amount must include a recommendation for state aid for public libraries and recommendations for the funding of other public library services, as determined in conjunction with libraries and systems. The Department's 2009-11 biennial budget request includes a request for funding of state aid equal to 13% of total operating expenditures, which would represent an increase of \$10,476,800 GPR in 2009-10 and \$11,294,600 GPR in 2010-11 over base GPR funding of \$11,297,400 in 2008-09. Public libraries also received \$5,486,100 SEG in 2008-09, for a total of \$16,783,500 all funds in that year. The Governor

makes the final decisions on what agency budget requests are included in the executive budget bill introduced for consideration by the Legislature.

Table 4 indicates the level of state aid for public library systems between 1998-99 and 2008-09.

Table 4: Public Library System Aid

Fiscal Year	Aid to Public Library Systems	Percent Change Over Prior Year
1998-99	\$13,249,800	3.0%
1999-00	13,749,800	3.8
2000-01	14,749,800	7.3
2001-02	14,749,800	0.0
2002-03	14,196,700	-3.7
2003-04	14,196,700	0.0
2004-05	14,196,700	0.0
2005-06	14,908,600	5.0
2006-07	15,521,200	4.1
2007-08	16,138,000	4.0
2008-09	16,783,500	4.0

APPENDIX 1

Wisconsin Public Library Systems -- 2008

System	Member Counties
Arrowhead Library System	Rock
Eastern Shores Library System	Ozaukee, Sheboygan
Indianhead Federated Library System	Barron, Chippewa, Dunn, Eau Claire, Pepin, Pierce, Polk, Price, Rusk, St. Croix
Kenosha County Library System	Kenosha
Lakeshores Library System	Racine, Walworth
Manitowoc-Calumet Library System	Calumet, Manitowoc
Mid-Wisconsin Federated Library System	Dodge, Jefferson, Washington
Milwaukee County Federated Library System	Milwaukee
Nicolet Federated Library System	Brown, Door, Florence, Kewaunee, Marinette, Menominee, Oconto, Shawano
Northern Waters Library Service	Ashland, Bayfield, Burnett, Douglas, Iron, Sawyer, Vilas, Washburn
Outagamie-Waupaca Library System	Outagamie, Waupaca
South Central Library System	Adams, Columbia, Dane, Green, Portage, Sauk, Wood
Southwest Wisconsin Library System	Crawford, Grant, Iowa, Lafayette, Richland
Waukesha County Federated Library System	Waukesha
Winding Rivers Library System	Buffalo, Jackson, Juneau, La Crosse, Monroe, Trempealeau, Vernon
Winnefox Federated Library System	Fond du Lac, Green Lake, Marquette, Waushara, Winnebago
Wisconsin Valley Library Service	Clark, Forest, Langlade, Lincoln, Marathon, Oneida, Taylor

APPENDIX 2

Aid Calculation Once State Funding Equals at Least 11.25% of Operation Expenditures

Sample Aid Calculation

Beginning in the fiscal year in which the total state aid appropriation equals at least 11.25% of the total operating expenditures for public libraries from local and county sources in the previous calendar year, the state aid formula for public libraries changes. The following sample calculation uses hypothetical data to calculate an example of the aid for System A.

- A. Determine System A's percentage of total state population ($159,200 / 5,556,500 = 2.8651\%$)
- B. Multiply the total public libraries appropriation by 0.85 ($\$22,903,500 \times 0.85 = \$19,467,975$)
- C. Multiply the results of A and B ($0.028651 \times \$19,467,975 = \$557,777$)
- D. Determine System A's percentage of total state geographical area ($720 \text{ acres} / 54,314 \text{ acres} = 1.3256\%$)
- E. Multiply the total public libraries appropriation by 0.075 ($\$22,903,500 \times 0.075 = \$1,717,763$)
- F. Multiply the results of E and D ($\$1,717,763 \times 0.013256 = \$22,771$)
- G. Determine System A's percentage of statewide aid paid under subchapter 1 of Chapter 79* ($\$35,483,508 / \$1,016,976,514 = 3.4891\%$)
- H. Multiply the results of G and E ($\$1,717,763 \times 0.034891 = \$59,934$)
- I. Sum the results of C, F, and H to determine System A's total state aid ($\$557,777 + \$22,771 + \$59,934 = \$640,482$)

Therefore, Library System A would have received \$640,482 in state aid had this formula been in place after the total state aid appropriation had been at least 11.25% of operating expenditures in a prior year.

*Includes aids paid to municipalities and counties in the system as a percentage of the total amounts paid under the county and municipal aid, public utility aid, expenditure restraint, and computer aid programs.